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Export Administration Annual Report FY 1984

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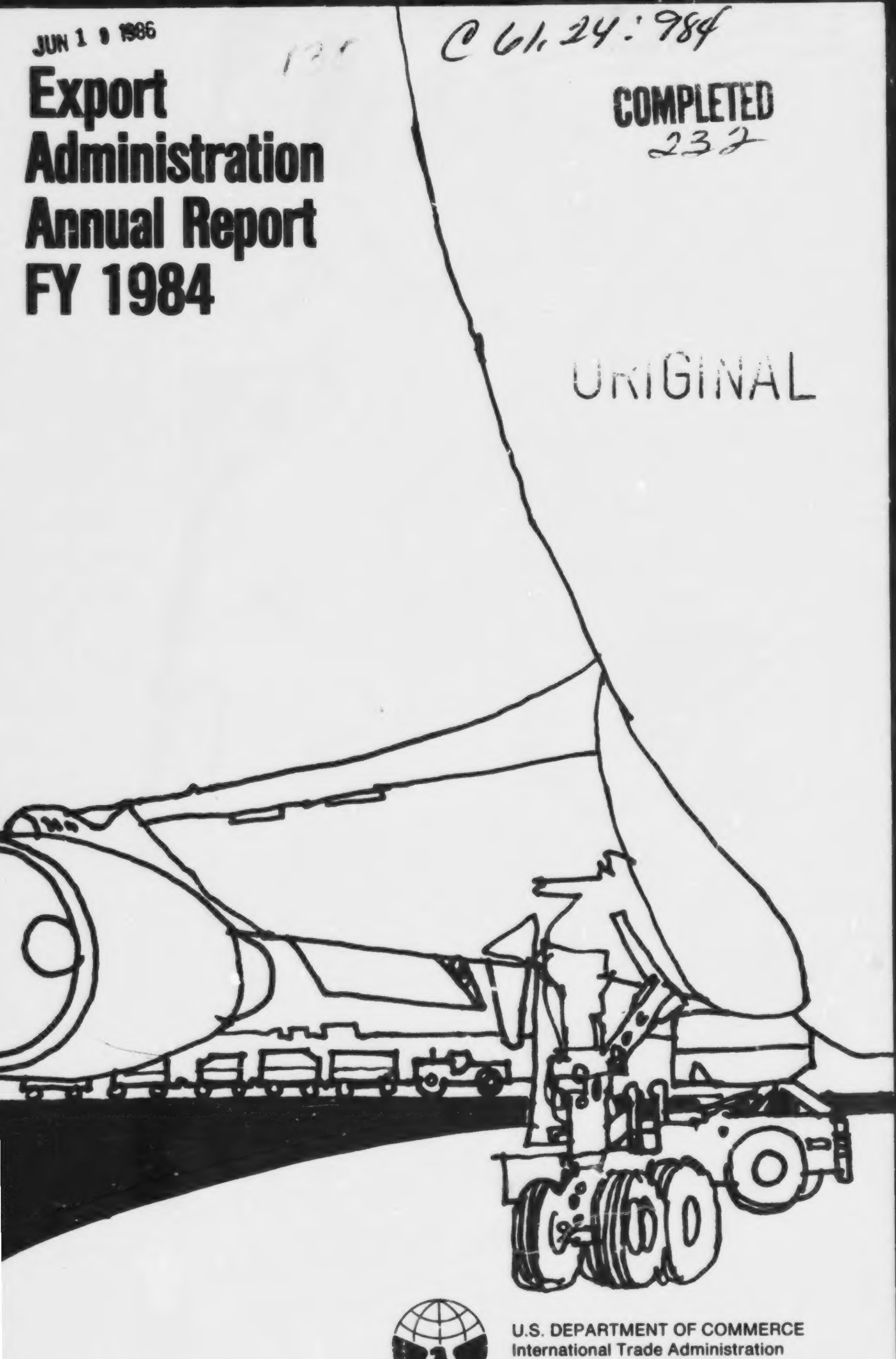

U.S. DEPARTMENT OF COMMERCE
International Trade Administration
Office of Export Administration

THE SECRETARY OF COMMERCE
Washington, D.C. 20230

OCT 23 1985

The President
President of the Senate
Speaker of the House of Representatives

Sirs:

I am pleased to submit the "Export Administration Annual Report" for fiscal year 1984.

This report describes the activities undertaken during fiscal year 1984 to carry out the provisions of the Export Administration Regulations, originally authorized by the Export Administration Act of 1979, as amended. The Regulations have been continued in effect by Executive Order 12470, March 30, 1984, under the authority of the International Emergency Economic Powers Act. This report is the 125th in the series.

Sincerely,

Malcolm Baldrige
Secretary of Commerce

Enclosure

7

I

U.S. DEPARTMENT OF COMMERCE
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Under Secretary for International Trade

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JOHN RICHARDS
Director, Office of Industrial Resource Administration

November 1985

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CHAPTER 1

Export Administration Overview

Introduction

The U.S. Department of Commerce exercises export control jurisdiction over most articles, supplies and unpublished technical data from the United States, its territories, and possessions. During FY 1984, exports were controlled by the authority granted under the Export Administration Act of 1979, (the Act)[1] until March 30, 1984, and thereafter under Executive Order 12470[2], issued pursuant to the International Emergency Economic Powers Act (IEEPA)[3].

Exports of these commodities and technical data are controlled primarily for national security, foreign policy and short supply reasons. Controls in these areas are discussed in Chapters 3, 4, and 5, respectively, of this report.

In support of its mission, the Department of Commerce employs the resources of: The Office of Export Administration (OEA), which regulates the flow of goods, services and technical data; The Office of Export Enforcement, which investigates export control violations, detains shipments and directs their seizure, seeks the imposition of fines and other sanctions through administrative proceedings, and refers cases to the Department of Justice for criminal prosecution; The Office of Antiboycott Compliance, which enforces the provisions of the Act prohibiting U.S. companies from complying with foreign boycotts, ensuring that all have the same trading opportunities overseas; and The Office of Industrial Resource Administration, which assures availability of supplies of scarce materials for the domestic economy.

The Department's export policies are developed in consultation with several other U.S. Government agencies. In addition, other agencies exercise limited controls over a variety of other items as shown in Table 2-1 in Chapter 2, Scope of OEA Authority.

Export Licensing Authority

The principal operating unit for administering the Commerce Department's export controls is the OEA, with a staff of approximately 230 and a $10.4 million operating budget for FY 1984. This represents a budget increase of $3.4 million over FY 1983 from reprogrammed funds. OEA regulates exports through a license administration process as set forth in the Export Administration Regulations (15 CRF Parts 368-399). The Regulations provide specific instructions on the types of licenses to use and on the types of commodities and technical data under control. An exporter determines whether or not a validated license is required by consulting the Commodity Control List (CCL), Supplement No. 1 to section 399.1 of the Regulations. The CCL describes commodities and identifies the country groups to which controls apply. (See Table 1-1 for country groups.) Part 379 of the Regulations describes the controls on exports of technical data.

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[1] Public Law 96-72, 93 Stat. 503, 50 U.S.C. app sec. 2401 et seq.

[2] Authority to currently control exports is granted by Executive Order 12470, 49 Fed. Reg. 13099, April 3, 1984. See Appendix A for text of the Executive Order.

[3] Pub. Law 95-223, 91 Stat. 1626, 50 U.S.C. sec. 1702 et. seq.

No special certification is required from the Commerce Department to engage in export trade. However, specific exports must be authorized by either a general license or validated license. No license application need be submitted for commodities qualifying for shipment under most general licenses.[4] However, exports of commodities or technical data for which there are strategic, short supply or foreign policy concerns require formal authorization through issuance of a validated export license by the OEA.

Country Groups

For export control purposes, foreign countries are separated into the Country Groups shown in Table 1-1 and the Country Groups Map. In FY 1984, the People's Republic of China was placed in Country Group V. Canada is not included in any Country Group, because exports to that country normally are controlled only in specific short supply or nuclear non-proliferation situations, and for communications intercepting devices. Also, shipments from the United States to its territories and possessions do not require a validated license.

Reexport Authorization

Reexport from one foreign country to another of U.S.-origin commodities is prohibited unless authorized by OEA.

Special Licensing Procedures

There are five special licensing procedures, i.e., (1) the Project License, (2) the Distribution License, (3) the Qualified General License, (4) the Service Supply Procedure, and (5) the Aircraft and Vessel Repair Station Procedure, described below.[5]

A ***Project License*** authorizes export of commodities (and technical data where specified) required for a specified activity during a period of 1 year from the issuance of the license (see section 373.2 of the Regulations).

---

[4] Exporters are required to submit a certification requesting registration under the provisions of General License GTE: Temporary Exports, 15 CFR Section 371.22.

[5] The number of special licensing procedures used over the last several years, including those to October 1984, is shown in Table 1-2.

A ***Distribution License*** authorizes export of certain commodities to approved consignees in Country Group T and Country Group V (except Afghanistan) during the validity period of the license. The consignees must be foreign distributors or users of the licensed commodity (see section 373.3 of the Regulations).

A ***Qualified General License*** authorizes multiple exports of certain commodities for approved end-users to approved consignees in Country Groups Q, W, and Y for a period of one year. The consignees must be actual or prospective end-users of the licensed commodity (see section 373.4 of the Regulations).

A ***Service Supply Procedure***, which encompasses both the Service Supply License and the Foreign-Based Service Facility, enables persons or firms in the United States and abroad to provide prompt service for equipment (i) exported from the United States; (ii) produced abroad by a subsidiary, affiliate, or branch of U.S. firm; or (iii) produced abroad by a manufacturer who uses parts imported from the United States in the manufactured product. The Service Supply License permits the export of spare and replacement parts to consignees in Country Group T or V, (except Afghanistan) and, under certain conditions, the export of replacement parts to consignees in Country Groups Q, W, and Y. The Service Facility is authorized to furnish parts to customers in Country Group T or V, (except Afghanistan) and under certain conditions, to reexport replacement parts only to consignees in Country Groups Q, W, and Y and the People's Republic of China (see section 373.7 of the Regulations).

An ***Aircraft and Vessel Repair Station Procedure***, permits foreign importers located in Country Groups T and V, except Afghanistan, to obtain and use U.S.-origin parts in the repair, maintenance or servicing of aircraft or vessels without the necessity of providing U.S. suppliers with supporting documents (see section 373.8 of the Regulations).

Application Processing Procedures

In September after a successful trial period, a new "Fast Track" licensing procedure was implemented for processing export license applications. As a result, the processing time for Free World cases *not* requiring interagency review has decreased from an average of 46 days to an average of 26 days. This represents a reduction of about 40 percent of the previous average processing time for such applications.

The fast track system differs from previous OEA licensing procedures in that the various licensing review steps are now conducted concurrently with the necessary administrative functions rather than one step at a time. This new process provides OEA with greater quality control over these cases, while encompassing a far shorter processing span. It also allows OEA to focus more resources on more complex cases which represent about 20 percent of the Free World licensing workload. The fact that validated licenses are now being received by exporters in a relatively short turnaround time effectively eliminates hundreds of daily phone calls and requests for status checks. This provides the exporter with greater access to the Exporters Assistance Division for policy, regulatory and emergency licensing calls.

"Fast Track" was developed as an interim measure until the licensing system can become fully automated in FY 1987. It should enable OEA to meet current as well as anticipated processing workloads, and provide an opportunity to study alternatives.

The Department either approves, denies, or returns a license application without action. Licenses are generally valid for 1 year unless amended. As shown in Table 1-3, OEA started FY 1984 with a case balance of 12,300; during the year an additional 116,332 cases were received. By the end of FY 1984 OEA had processed 118,135 cases, approving 101,046 validated licenses, returning 16,488 without action and denying 601. The case balance as of September 30, 1984 was 10,497.

The decreased number of applications in process at the end of the FY 1984 (10,497) versus FY 1983 (12,300) reflects the results of OEA's intensive efforts to reduce application processing time. This turnaround was accomplished despite an increase in application receipts in FY 1984 of almost 21,000 (or 19 percent).

Under the fast track procedure, all applications are received in the Operations Division mailroom. Each application received by courier mail is reviewed by the Exporter Assistance Division to identify emergency requests for expeditious handling. A case number is then given to each application. Two copies are made of the face page of the application and the original proceeds directly to licensing. One copy is for OEA's data entry, the second copy is used to initiate the official OEA microfiche case history.

Cases proceed directly to Free World or Bloc licensing after copying. All Free World cases are reviewed by the on-line team. Any case which can be completed without referral to another agency or for technical review within OEA will be done by the on-line team. All other cases will be referred to the off-line team for referral, if necessary, to other agencies.

Interagency review or multilateral international Coordinating Committee (COCOM) review (see Chapter 2) is sometimes necessary. In the case of interagency review, OEA refers the application within 30 days of receipt to all agencies identified in the acknowledgement letter to the applicant. Initially, other agencies are given 30 days, but they may request an additional 30 days for case review and examination. COCOM review may occur only after full interagency review. (For a complete description of the procedures, see Section 370.13 of the Regulations).

Reviews of the license applications for Country Groups Q, W, Y and the People's Republic of China were performed as follows:

• DOC review only	6,285
• Bilateral reviews (DOC and one or more agencies)	2,903
• Full interagency reviews	109

Once the interagency review has been completed, the off-line team completes action on the case. The speedy issuance of export licenses has cut exporters waiting time by almost half and has enabled OEA to reduce substantially a once-large backlog of license applications, while meeting the pent-up demand of increased requests for licenses. Of the projected 125,000 to 140,000 applications OEA will receive in FY 1985, it is estimated that 80 percent will be processed as Free World cases.

Organizational and Procedural Changes

Several organizational and procedural changes that were introduced during FY 1983 and expanded in FY 1984 to further the policies set forth in the Act are described below.

Distribution License Procedure

The Distribution License is the cornerstone of the market efforts of many U.S. exporters—from the major multinational corporations to small businesses. A distribution license replaces the need for several thousand individual licenses for many major corporations. Cumulatively, distribution licenses eliminate the need for an estimated 500,000 to 1,000,000 individual validated licenses annually. This represents a considerable savings to both exporters and government in the processing of license applications. The major advantage of the distribution license program to the U.S. exporter is the increased ability to compete abroad due to decrease in license processing time. Currently, there are 780 active distribution licenses encompassing about 20,000 consignees in Free World countries.

Strengthen the Control Function

Since May 1983, several major initiatives have been undertaken to strengthen the control function, improve processing and provide the necessary resources to maintain a sound distribution licensing function in the Office of Export Administration. The following briefly describes the progress during FY 1984 made to strengthen these initiatives:

- A multiple license working group continues to review applications involving distribution licenses. Changes with respect to commodities proposed for exclusion from or restriction under the Distribution License procedure resulted from concerns first expressed in meetings of the working group. The working group will have an expanded role in FY 1985 when it is anticipated that certain applicants will appear before the working group to review and evaluate their activities with regard to their internal control program and internal audit structure.
- The pilot audit program initiated in FY 1983 has evolved with the nucleus of an audit staff having performed audits of records maintained under the Distribution License Procedure by 11 U.S. firms and 9 foreign consignees. In addition to these reviews/audits, analyses of

systems utilized by both the U.S. license holders and their foreign consignees were made to ensure compliance with the Export Administration Regulations and certifications made to the OEA regarding disposition of U.S. goods exported under the procedure. Fifty audits are planned for FY 1985.

- The review of the distribution license procedure was completed and published in proposed form in the *Federal Register* in January requesting comments until April 6, 1984. Written comments were received from 250 respondents and a Task Force was established to review and analyze these comments. Based on the comments received, a new proposal was published in the *Federal Register* in September. In October, public hearings were held in Boston, Dallas and San Francisco. Final rules, with necessary modifications resulting from the hearings or written comments, were published on May 24, 1985.

Organizational realignment

OEA's two major lines of communication to the public, the Exporter's Service Staff (renamed the Exporter Assistance Division) and the Procedures Branch (renamed the Publications and Regulations Branch), were incorporated into a new Exporter Assistance Division during the year. The Division's responsibilities includes business counseling services, our publications program and our seminar program.

Improved Information Service

OEA's automated status system implemented in FY 1983 provided the capability for a quick and accurate response to license application inquiries from the business community. In order to provide that same capability with regard to resubmissions of Returned Without Action (RWA) applications and amendments to outstanding licenses, several administrative changes were planned and tested in FY 1984 for implementation in early FY 1985. In addition, space utilized by OEA's telephone consultants was greatly expanded to allow for the installation of 15 modular work stations as well as to provide several rooms for consultation with visiting exporters. Specific telephone numbers were designated to handle inquiries regarding Regulatory and Policy information (202) 377-4811; licensing and status (including Trade Fair) cases (202) 377-2752; and emergency handling requests (202) 377-2793 or (202) 377-2799. Two new code-a-phones and an automatic call sequencer telephone management information system were installed during the year. This system receives calls on a delayed answer basis with a pre-recorded message, while indicating to the telephone consultant which call is to be answered next, thereby greatly improving call processing. In addition, this system provides management with the ability to monitor telephone traffic patterns to aid in development of staff training, performance standards and evaluations.

Computer Services

In 1984 OEA established a Computer Services Division. The Division has been tasked with improving the computer-based tracking system installed in FY 1983. Significant improvements were made in the system in 1984—response time was improved by an order of magnitude. The accuracy of the license data base was also significantly improved during the last year and improvements continue to be made. A comprehensive concept plan has been developed, and funding has been requested for an Export Control Automated Support System (ECASS). This system will serve to integrate the various export control data bases within the Federal Government. Inherent within the system will be license process, foreign availability and export enforcement subsystems with telecommunications interfaces into DOD, DOE and Department of State export control computers. Implementation of ECASS will begin in FY 1986 and will be completed in mid-1987.

Automation of the Regulations

Efforts are well along in exploring all feasible avenues to determine the most practical and economical method for making the Export Administration Regulations and Bulletins available to the exporters on a more timely basis. OEA expects to make the Regulations and related information available on-line on a test basis to the Department of Commerce District Offices by mid-1985.

Efforts to Keep the Business Sector Informed and Public Participation

In accordance with section 4(f) of the Act, the business sector of the United States is kept informed of policies and procedures adopted under the Act. These changes are published in the *Federal Register* and in the Export Administration Bulletins. In each instance in which a new control on exports as imposed, public comments were solicited in accordance with section 13(b) of the Act. The public was also invited to comment whenever a substantive change in the Regulations was announced, even though it did not involve the imposition of controls. The public is kept informed by NOTES from the Director, OEA, as well as ANTIBOYCOTT UPDATE notes, both of which are included in the Export Administration Bulletins, as necessary. The NOTES were instituted in May 1981, and the OAC ANTIBOYCOTT UPDATES were instituted in August 1, 1982, to keep exporters informed of staff changes, provide correct phone numbers and addresses for OEA and OAC, report new publications and forms, announce training courses offered, and provide other helpful suggestions.

Keeping Exporters Informed

U.S. export trade activity has been expanding rapidly as more and more American companies have been entering the international marketplace with increasing volumes and kinds of commodities. At the same time, export licensing and control policies and regulations have been undergoing frequent and often major changes, and even exporters with many years' experience in international trade are finding it more difficult to understand these regulations and comply with many of the new, more complex licensing requirements. To help make it easier for U.S. exporters to comply with the export regulations and conform to the licensing procedures involved in doing business abroad, OEA initiated an Export Control Awareness Program in early 1984 to provide a wide range of information and assistance services for private entrepreneurs, trade associations, and the exporting community at large.

Seminar Program

A major part of this program is the presentation of monthly export licensing and control training seminars in different cities throughout the country. These "Export Administration Regulations Introductory and Advanced Course" seminars educate business and industry people about the importance of export controls, familiarize them with the objectives and requirements of U.S. export policies and laws, and provide them with a variety of basic guidelines and other general and specific information they need to know about export licensing and enforcement.

The seminars are sponsored by trade associations, universities, and Commerce District Offices, and are taught by the Commerce Department's most experienced export licensing and enforcement specialists. OEA's staff specialists also are frequently called upon to give presentations and serve on panels at export-related meetings and similar events around the United States.

In FY 1984, a total of 104 government and 1,113 business people attended two-day "Introductory Course" seminars in 10 cities (Philadelphia, Boston, New York City, Houston, Pittsburgh, San Francisco, Washington, D.C., New Orleans. Miami, and Rockford, Ill.). An "Introductory Course" was also held in Washington, D.C., for 153 government employees from the Commerce Department and other Federal agencies. Two 4-day "Advanced Course" seminars, held in Los Angeles and Phoenix, were attended by 18 government and 107 business people. The demand for this training is growing, and at least six "Advanced" seminars are planned for the FY 1985 program.

Publications Program

The newly-created Exporter Assistance Division, charged with improving communications with the public, designed and issued a brochure mailed to more than 25,000 exporters. This *Export Licensing Information and Assistance* publication notified the exporters of OEA's expanded services to the exporting public, including new telephone numbers specially designated to relate to their needs and problems. The return postcard attached to the brochure sought exporter's comments and how OEA could further help meet their needs. Also issued during the year was *The Quick Reference Guide to the Export Administration Regulations* which provides rapid identification of country groups, commodity categories and their control numbers, and pertinent references to "how-to" information. More than a dozen new or reprint publications are in the pipeline to provide more and better information to the public.

Enforcement – Public Awareness

The Office of Export Enforcement (OEE) has been conducting a public information campaign since the beginning of August 1982. The Deputy Assistant Secretary for Export Enforcement and the OEE staff participated in symposia, meetings and conferences, which were organized and conducted by the technology and exporting communities. To assist OEE personnel, visual aids have been prepared and reproduced for use in making presentations to the public. For such occasions and for use as mailers, a one-page list of indications of potential illegal exports and a list of helpful hints to exporters have been prepared. These lists further the private sector's efforts to combat illegal exportation of U.S. commodities and technology and assist them in avoiding shipping delays and export control violations. (See Tables 1-5 and 1-6).

TABLE 1-1.–Country Groups[1]

Country Group Q
Romania

Country Group S
Libya

Country Group T
North, Central, and South America, Bermuda and the Caribbean, except Canada and Cuba

Country Group V[2]
All countries not included in any other country group (except Canada which is not in any group)

Country Group W
Hungary
Poland

Country Group Y
Albania
Bulgaria
Czechoslovakia
Estonia
German Democratic Republic (including East Berlin)
Laos
Latvia
Lithuania
Mongolian People's Republic
U.S.S.R.

Country Group Z
Cuba
Kampuchea
North Korea
Vietnam

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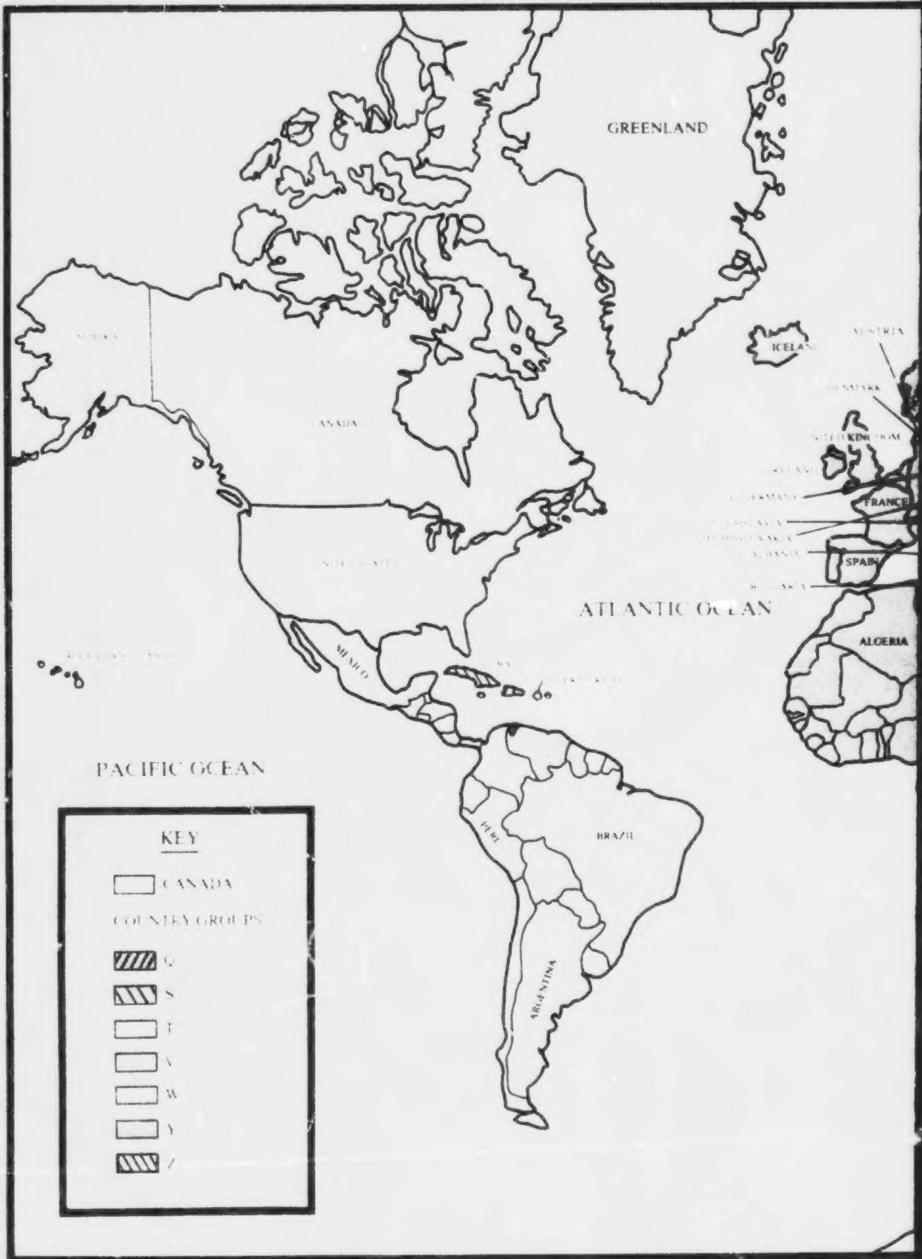
[1] See Export Administration Regulations, Part 370, Supplement No. 1; 15 CFR Part 370, Supplement No. 1.

[2] On November 23, 1983, The People's Republic of China was placed in Country Group V, allowing sales to China to take place on a similar basis as to most other friendly non-aligned countries. However, the change provides restrictions on certain products and technologies.

COUNTRY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SPAIN
BULGARIA
ALGERIA
ALASKA
CANADA
UNITED STATES
ATLANTIC OCEAN
MEXICO
CUBA
PUERTO RICO
PACIFIC OCEAN
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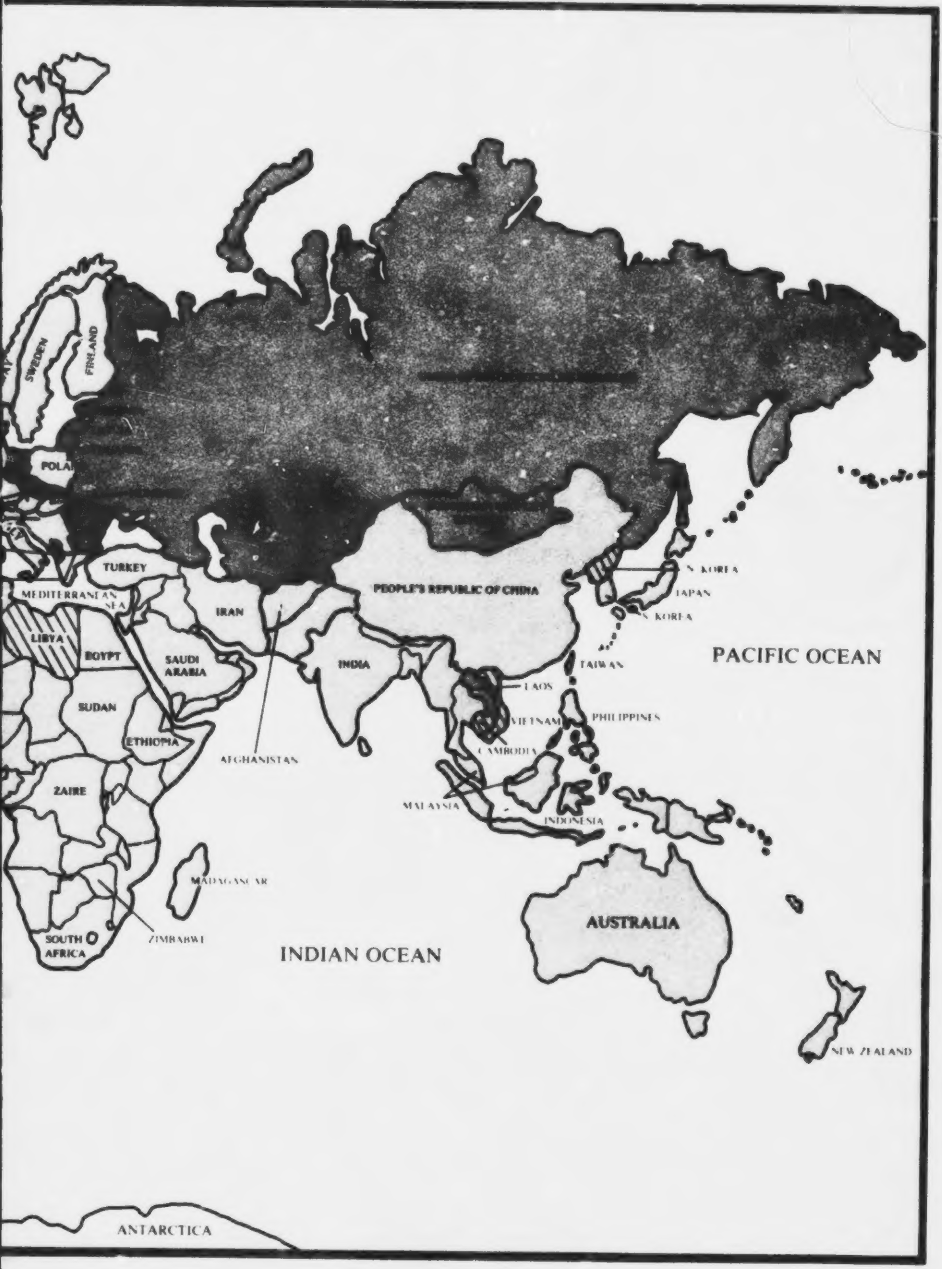
GROUPS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LIBYA
EGYPT
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SUDAN
ETHIOPIA
IRAN
AFGHANISTAN
INDIA
PEOPLE'S REPUBLIC OF CHINA
N. KOREA
JAPAN
S. KOREA
TAIWAN
LAOS
VIETNAM
CAMBODIA
PHILIPPINES
MALAYSIA
INDONESIA
PACIFIC OCEAN
ZAIRE
MADAGASCAR
ZIMBABWE
SOUTH AFRICA
INDIAN OCEAN
AUSTRALIA
NEW ZEALAND
ANTARCTICA

TABLE 1-2.—Special Licensing Procedures in Use by Fiscal Years, 1978-1984

	Distribution License		Project License		Service Supply License		Service Facility		Aircraft Repair		Qualified General License		Total	
	Active	New	Active	New	Active	New	Active	New	Active	New	Active	New	Active	New
1978	253	43	154	10	64	8	122	6	42	7	-	-	635	74
1979	324	71	164	10	71	7	128	6	53	0	-	-	740	94
1980	421	97	171	7	86	15	140	12	41	0	-	-	859	131
1981	530	109	183	12	95	9	162	22	47	0	3	-	1,020	152
1982	625	95	205	22	110	15	184	22	49	2	4	1	1,177	157
1983	701	76	217	12	128	18	191	7	47	0	1	0	1,285	113
1984	780	79	243	26	141	13	227	36	31[1]	5	1	0	1,423	159

[1] 47 Overseas holders of ACVR Station Nos. were solicited to renew their authorization. Of those responding, 26 were approved. In addition, 5 applicants were approved for the first time.

Table 1-3.—Analysis of License Processing—FY84[1]

	Case Balance 10/1/83	Cases Received[2]	Total Cases	Approvals	Denials	RWA's	Total Cases Processed FY 1984	Total Cases Case Balance 9/30/84
Free World Appls.[3]	10,443	110,595[4]	121,038	96,652	360	15,343	112,355[5]	8,683
Communist Country Applications[6]	1,857	5,737	7,594	4,394	241[7]	1,145	5,760	1,814
Total	12,300	116,332	128,632	101,046	601	16,488	118,135	10,497

[1] Total number of applications (includes exports, reexport authorizations, amendments, and applications returned without action (RWA's) processed in OEA.

[2] Short Supply cases included.

[3] Country Groups S, T and V including PRC (see Table 1-1).

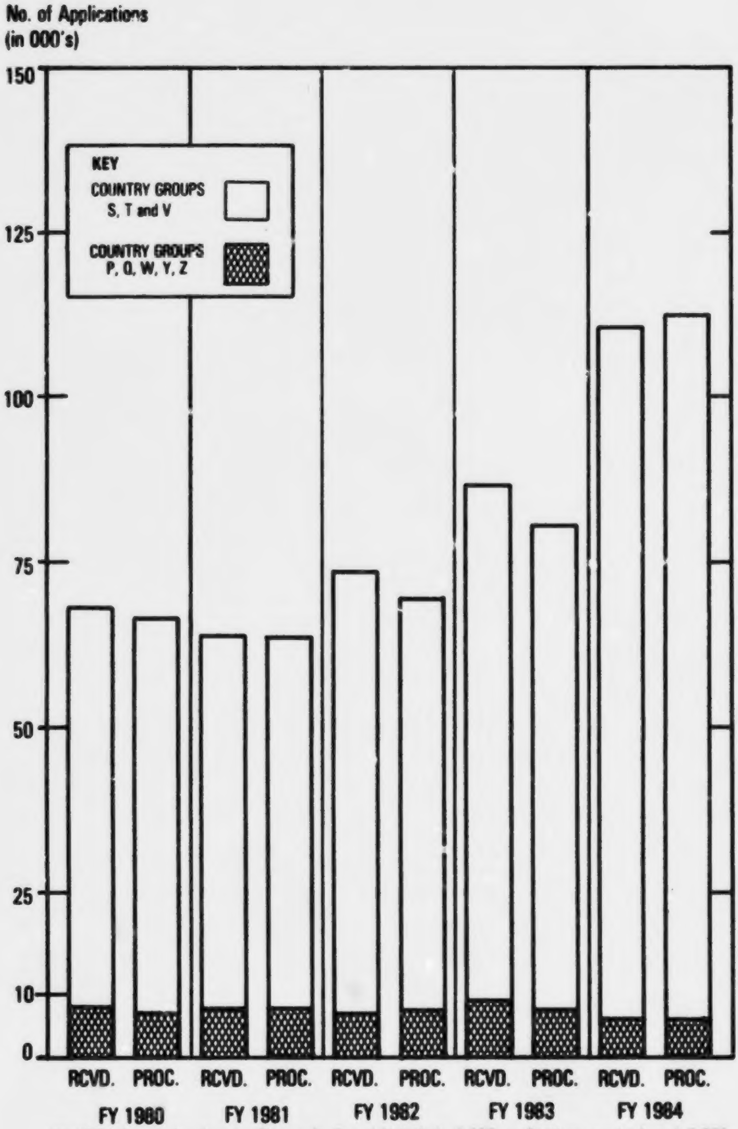
[4] Of these, 7,330 were PRC cases.

[5] Of these, 7,008 were PRC cases.

[6] Country Groups, Q, W, Y and Z. (See Table 1-1).

[7] Includes partial denials; (when OEA approves only part of the license application).

TABLE 1-4
EXPORT LICENSE APPLICATIONS RECEIVED AND PROCESSED BY COUNTRY GROUPS-FY 1980-1984



FY 1984 figures for Country Groups S, T and V include 7,330 applications received, and 7,008 processed for the People's Republic of China. The PRC (Country Group P) was placed into Country Group V in FY 1984.

TABLE 1-5.—U.S. Department of Commerce
International Trade Administration
Office of Export Enforcement
Washington, D.C. 20230

INDICATIONS OF POTENTIAL ILLEGAL EXPORTS

Listed below are some of the "red flag" indications that signal possible illegal exports or diversions. The listing is not exhaustive; it is provided by the Department of Commerce, Office of Export Enforcement, as an aid to further public awareness and the private sector's effort to combat illegal exportation of U.S. technology.

- Customer's/purchasing agent's reluctance to provide end-use or end-user information
- Performance/design requirements incompatible with destination country resources or environment, or with consignee's line of business
- Stated end-use incompatible with the customary or known industrial applications for the equipment being purchased
- Stated end-use incompatible with consignee's line of business
- Stated end-use incompatible with the technical capability of the consignee or destination country
- Customer willingness to pay cash for a large value item or order
- Little or no customer business background information available
- Apparent lack of customer familiarity with the commodity's performance design characteristics or uses
- Customer's/purchasing agent's declination of installation or service contracts that are normally accepted in similar transactions
- Ill-defined delivery dates or the use of delivery locations inconsistent with the type of commodity or established practices
- Use of freight forwarders as ultimate consignees
- Use of intermediate consignee(s) whose location/business is incompatible with purported end-user's nature of business or location
- Packaging or packing requirements inconsistent with shipping mode and or destination
- Evasive responses to questions regarding any of the above as well as whether equipment is for domestic use, export of reexport

For further information or advice regarding enforcement of the Export Administration Act, contact your nearest OEE field office or the OEE Washington, D.C. Headquarters.

TABLE 1-5—con.

OFFICE OF EXPORT ENFORCEMENT FIELD OFFICES

Los Angeles (Burbank)
(818) 904-6019

New York
(212) 264-1365

San Francisco (San Jose)
(408) 291-4204

Washington, D.C. (Springfield, VA)
(703) 487-7950

OFFICE OF EXPORT ENFORCEMENT HEADQUARTERS

Washington, D.C. (202) 377-4608 or (800) 621-2990 (toll-free)

TABLE 1-6.—U.S. Department of Commerce International Trade Administration Office of Export Enforcement Washington, D.C. 20230

HELPFUL HINTS TO EXPORTERS

Listed below are some "helpful hints" developed by the Commerce Department's Office of Export Enforcement to assist exporters in complying with the Export Administration Act and Regulations. The list is not exhaustive; it is intended as a general guide that exporters can follow to avoid export control violations and shipping delays.

- Determine if a validated export license is required. When in doubt, contact the Exporters' Service Staff, Office of Export Administration, for assistance (phone: (202) 377-4811).
- Fully describe commodities or technical data on export shipping documents.
- Use the applicable destination control statement on commercial invoices, air waybills, and bills of lading, as required by Section 386.6 of the Export Administration Regulations.
- Avoid overshipments by maintaining an accurate account of the quantity and value of goods shipped against a validated export license.
- Be mindful of the expiration date on validated export licenses to avoid shipments after the applicable license has expired.
- Enter the applicable validated export license number or general license symbol on the Shipper's Export Declaration.
- Make certain that shipping documents clearly identify the exporter, intermediate consignee, and ultimate consignee.
- Exporting firms should:

Stay current with export control requirements by subscribing annually to the Export Administration Regulations;

TABLE 1-6—con.

Avoid inadvertent sales to persons or firms denied U.S. export privileges by obtaining a copy of the Table of Denial Orders Currently in Effect available from the Office of Export Administration (Supplement No. 1 to Part 388 of the Regulations);

Designate an appropriate person to monitor export transactions to ensure compliance with the Regulations;

Increase understanding of the Regulations and their application by enrolling appropriate personnel in the Office of Export Administration's export licensing training program. Additional information about this program is available from the Exporters' Service Staff;

OFFICE OF EXPORT ENFORCEMENT FIELD OFFICES

Los Angeles (Burbank)
(818) 904-6019

New York
(212) 264-1365

San Francisco (San Jose)
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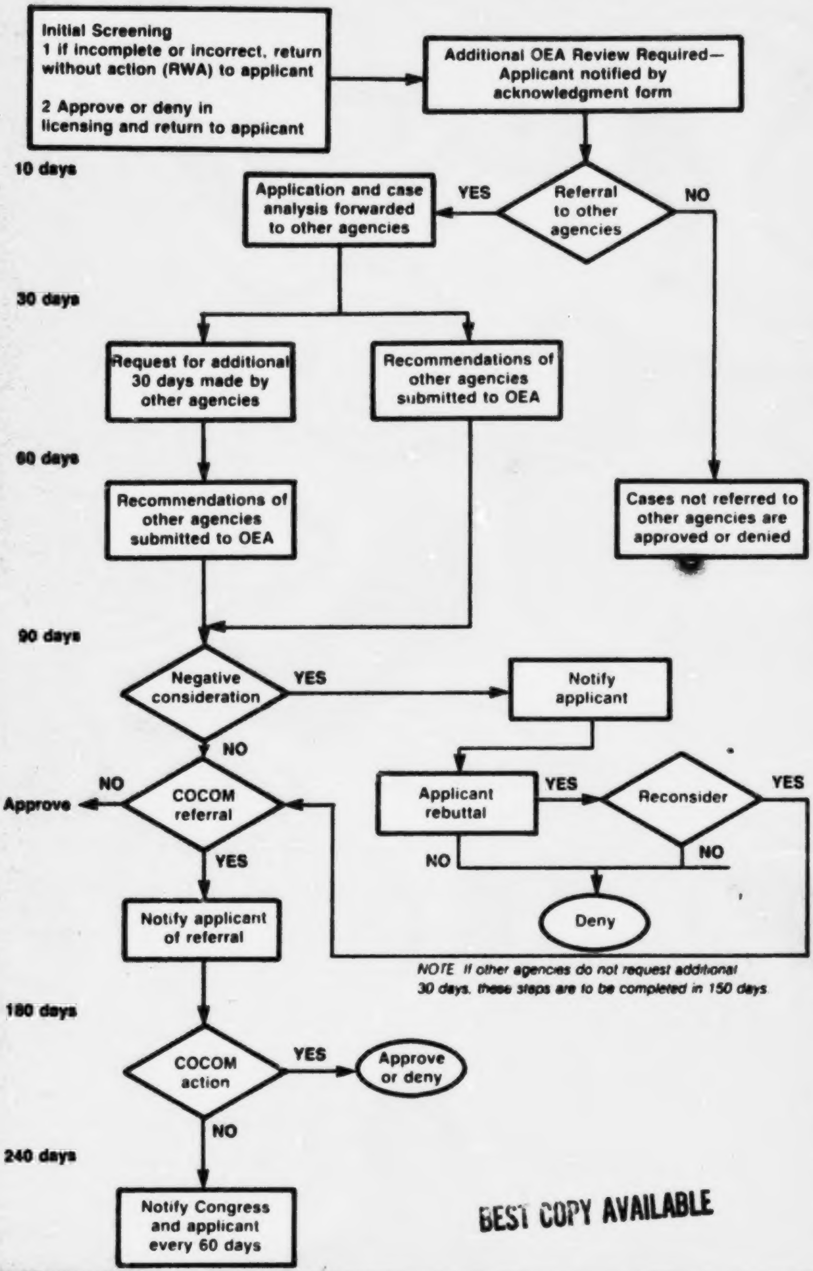
UNITED STATES DEPARTMENT OF COMMERCE
OFFICE OF EXPORT ADMINISTRATION

EXPORT LICENSE PROCESS


Initial Screening
1 if incomplete or incorrect, return without action (RWA) to applicant
2 Approve or deny in licensing and return to applicant
Additional OEA Review Required— Applicant notified by acknowledgment form
10 days
Application and case analysis forwarded to other agencies
YES
Referral to other agencies
NO
30 days
Request for additional 30 days made by other agencies
Recommendations of other agencies submitted to OEA
60 days
Recommendations of other agencies submitted to OEA
Cases not referred to other agencies are approved or denied
90 days
Negative consideration
YES
Notify applicant
NO
NO
Approve
COCOM referral
Applicant rebuttal
YES
Reconsider
YES
NO
NO
YES
Deny
Notify applicant of referral
180 days
COCOM action
YES
Approve or deny
NO
240 days
Notify Congress and applicant every 60 days

NOTE If other agencies do not request additional 30 days, these steps are to be completed in 150 days

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CHAPTER 2

Scope of OEA Authority

The Department of Commerce exercises general licensing jurisdiction over the export of most commodities and technical data from the United States and reexport of such items abroad. Other agencies exercise jurisdiction over specific commodities, as shown in Table 2-1.

The Commodity Control List (CCL) used by OEA describes commodities unilaterally controlled by the U.S. Government, as well as commodities controlled by unanimous agreement of the COCOM member governments.[1] These countries joined together in 1949 to control exports more effectively for mutual security reasons.

Commodity Control List Review

The Department of Commerce and its advisory agencies continue to review CCL entries in an effort to reduce controls to the minimum level consistent with the national security, foreign policy, and short supply provisions of the Act. Those items multilaterally controlled by COCOM are periodically reviewed by the member countries. The review of unilateral controls maintained for national security purposes is reported in Appendix C.

Foreign Availability

As required in the Act, OEA considers foreign availability in deciding whether or not to control commodities or technical data for foreign policy or national security reasons. Section 4(c) prohibits the imposition of such controls on commodities or technical data determined to available without restriction from sources outside the United States in significant quantities and comparable in quality to those produced in the United States, unless it is determined that "adequate evidence has been presented... demonstrating that the absence of such controls would prove detrimental to the foreign policy or national security of the United States." Whenever national security controls are imposed notwithstanding foreign availability, negotiations must be initiated with foreign countries to eliminate such availability. In the case of foreign policy controls, "all feasible steps" to negotiate are required.

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[1] The 15 member nations of COCOM are Belgium, Canada, Denmark, France, the Federal Republic of Germany, Greece, Italy, Japan, Luxembourg, the Netherlands, Norway, Portugal, Turkey, the United Kingdom, and the United States.

In addition to the foregoing requirement, the Act imposes responsibilities on OEA in dealing with national security controls. Section 5(f) of the Act requires that OEA consider foreign availability not only when it imposes national security controls, but also when it reviews individual license applications or when it receives an adequately documented certification from a technical advisory committee that foreign availability exists. If OEA determines that goods or technology are in fact available from foreign countries (including COCOM countries) in sufficient quantity and of comparable quality to make the denial of a license or the maintenance of controls ineffective, it must issue the license or remove controls. However, the license may be denied or controls maintained if OEA determines that to do otherwise would be detrimental to the national security of the United States.

In order to carry out these responsibilities, OEA is required by the Act to review foreign availability on a continuing basis. In addition, it is required to "establish, within the Office of Export Administration of the Department of Commerce, a capability to monitor and gather information with respect to the foreign availability of any goods or technology subject to export control under this Act."

Establishing a "Foreign Availability" assessment capability involves the following:

- Identifying Free World and controlled countries production capabilities and technical development of the goods and technologies under control by the Act.
- Establishing the quality and quantity of those same commodities produced abroad.
- Comparing production and quality of commodities produced abroad with those subject to U.S. export controls.
- Determining the consistency and regularity of the export of goods and technologies from foreign sources to controlled destinations.

There was a tremendous increase in both personnel and function in OEA's Foreign Availability Program in 1984. A Foreign Availability Division was established which currently has 17 professionals and 4 clerical, thereby almost completing the projected FY 1985 personnel requirements of 24 positions. This increase in staff has resulted in an active, fully functioning program and expanded working relationships with other government agencies and the intelligence community. The division works closely with the Technical Advisory Committees (TACs) in clarifying the applicability of foreign availability to export licensing requirements and is moving in the direction of supporting OEA licensing officers and the COCOM List Review by beginning a foreign availability data base and assessment capability.

A preliminary identification of products and data elements necessary for foreign availability analyses was completed for the 75 CCL categories most often encountered in licensing cases. A feasibility study will begin in early FY1985 for establishing an automated data base containing information on a large number of commodity categories, producers, and individual foreign products.

The data collection program for this automated data base is now under way. Contacts have been initiated or increased with various information sources. The Technical Advisory Committees have been requested to form foreign availability sub-committees to help in the collection and initial evaluation of foreign data residing in the U.S. industry. The U.S. & Foreign Commercial Service has assisted in identifying foreign manufacturers in key areas and in collecting data at critical trade fairs and exhibitions overseas. International trade events are an important source of state-of-the-art information on foreign commodities and their technologies. About 120 events and manufacturing exhibitions have been targeted for brochures and production data. Examples of such fairs already covered include: SEMICON, Switzerland; HANOVER MESSE, West Germany; and the Leipzig Trade Fair, East Germany.

Foreign availability assessments are performed as a result of claims submitted by U.S. exporters in conjunction with license applications, submissions from Technical Advisory Committees, and in-house initiatives. During 1984, methodologies and criteria were established for data collection and foreign availability assessment reports. These standards were developed during the production of several assessment reports — 8-bit microcomputers (CCL 1565), automatic sawing equipment (CCL 1355), and step-and-repeat cameras (CCL 1355) used in the production of semiconductors. The assessment on microcomputers supported our COCOM List Review.

Work has begun on the design of foreign availability regulations to be incorporated into the Export Administration Regulations. These regulations will define the specific criteria to be followed in the filing and processing of foreign availability assessment claims.

In performing the foreign availability data collection and analysis function, OEA will support the U.S. Government's efforts to estimate foreign technical capabilities. Our estimates will identify sources of foreign competition, aid the decontrol of non-critical commodities and ensure appropriate export controls to help maintain the U.S. technological edge.

Indexing System

The Act permits the Secretary to index licensing requirements "to ensure that requirements for validated licenses and Qualified General Licenses are periodically removed as goods or technology subject to such requirements become obsolete with respect to the national security of the United States." Indexing provides for increases in the performance levels of goods and technology subject to national security licensing control and release of such control after an established period of time. No new indexing provisions were established during this fiscal year.

Militarily Critical Technologies List Implementation

The Department of Commerce has undertaken to produce a control list of militarily critical technologies, and to prepare new technical data regulations (Part 379) which would implement the list. This requirement was contained in the EAA of 1979.

The arrays of know-how in the MCTL have been found to be of too general application to be useful as a regulatory control list. Effort during the past year has been focused on developing a specific critical technical data list. To do this, the Department has relied heavily on the Technical Advisory Committee system. Where the membership of the six TACs had the expertise, the TACs were requested to develop the specific critical technical data list. Each TAC (computer systems, computer peripherals, electronic instrumentation, semiconductors, telecommunications, and automated manufacturing) developed a first draft of such a list by October 1984. In addition, because a TAC on Transportation has been requested and nominations solicited, an ad hoc group has been used to represent the industry sector to develop the specific critical technical data list for transportation technology and some of the associated materials. The Transportation TAC has been formed as well as a Biotechnology TAC, which is anticipated to become an important emerging technology.

Since the regulatory language drafted in July of 1983 did not receive interagency concurrence, effort during the past year was aimed at achieving a consensus. Although the larger part of the regulatory provisions was agreed to, the Department accepted the offer of the National Science Foundation, under the aegis of the Office of Science and Technology Policy, to establish an ad hoc subcommittee to develop regulatory provisions of the critical technical data section as they would apply to education, scientific data, and the GTDA license. A first draft of these provisions was prepared in September 1984.

Two other major changes were made to the July 1983 version. The first change was to eliminate all changes not directly related to MCTL implementation while the second was to bring the "bulk" license provisions more in line with perceived Congressional desires. The previous version included simplified language and considerable reformatting, which while desirable in its own right, made the proposed MCTL changes extremely difficult to follow.

The above three major changes were consolidated into a new draft technical regulation, dated September 15, 1984, which was circulated to a selected group of industry, including the TAC Chairmen, for their comments.

Since multilateral controls are desired, the agencies concerned with export controls are considering the appropriate mechanism and timing of approaching the members of COCOM in order to set a framework for considering how multilateral agreement can be achieved. An ad hoc interagency working group has been active in framing the issues and preparing them for resolution at the policy-making level. In addition, an MCTL Implementation Technical Advisory Committee has been established and is expected to provide consultation on the proposed regulations which could maintain the desired national security goals while minimizing unintended impact on legitimate trade. The planned April 1985 publication date cannot be met and a slip of about 3 months must be anticipated.

Technical Advisory Committees

Section 5(h) of the Export Administration Act of 1979 provided for establishing Technical Advisory Committees (TACs). Such committees, where they have expertise in such matters, shall be consulted with respect to the questions involving (A) technical matters, (B) worldwide availability and actual utilization or production technology, (C) licensing procedures which affect the level of export controls applicable to any goods or technology, and (D) exports subject to multilateral controls in which the United States participates, including proposed revisions of any such multilateral controls. TAC activities are described below.

The charters for the six TACs expired at the same time as the EAA. Because the authority for the TACs alternated between the extension and the interim authority, the six TACs could not be rechartered until January 5, 1984. The first individual TAC meetings were successfully held in February 1984.

A number of steps have been taken to assist the TACs in planning their activities and to coordinate activities of common interest as well as to interact with government export control officials. Meetings of the TAC Chairmen and government officials were held in December 1983 and June 1984. A requirement was introduced for the development of an annual report on the past year's activities as well as for an annual plan.

Requests have been received from the subsector on biotechnology, the transportation sector, and a cross-section of exporters of high technology for the establishment of Technical Advisory Committees for their respective areas. The Secretary of Commerce approved the formation of the Militarily Critical Technologies List (MCTL) Implementation TAC as well as Transportation and Biotechnology TACs in January, 1985.

During the internal Department of Commerce review of comments provided as a result of the proposed rule-making on the Distribution License, it became clear that there were serious industry concerns. Selected members from each TAC were invited for discussions to determine how industry was using the Distribution License and to develop wording which would not needlessly inhibit exporters, while meeting Commerce concerns.

Technical Advisory Committee Consultations

In accordance with section 5(h)(4) of the Export Administration Act, the following six Technical Advisory Committees were consulted about their continuation: Computer Systems TAC; Computer Peripherals, Components and Related Test Equipment TAC; Electronic Instrumentation TAC; Automated Manufacturing Equipment TAC; Semiconductor TAC; and Telecommunications Equipment TAC. The comments received supported rechartering the TACs.

COCOM List Review. Each of the TACs provided consultation to the government in support of the List Review. Negotiations for the List Review were essentially completed in the late summer of 1984. The Chairmen of the Automated Manufacturing Equipment TAC and the Telecommunications TAC supported the negotiating team at COCOM.

Critical Technical Data. The six TACs each considered those sections of the MCTL in their areas of expertise. By mid-October, the Computer Systems TAC had delivered draft versions of hardware, software, and networking, as had the Peripherals TAC and the Semiconductor TAC in their areas. Each TAC will have delivered its section by early December 1984.

The Licensing Procedures Subcommittee of the Computer Systems TAC submitted a report on the costs and benefits of expedited license processing. Some of the recommendations paralleled the newly instituted "Fast Track" system, but there were additional recommendations with respect to processing of COCOM general exceptions cases which are currently under review within OEA.

The Computer Systems TAC recommendation to drop bus rate as a control parameter for licensing Free World computer cases is being implemented. The further recommendation to increase the PDR limit for Free World computer cases (Distribution License, and Tiers 1 and 2 of Section 373) is still being reviewed within the interagency structure.

Uses Made of the Advice Rendered and Contributions to Carrying Out the Policies of the Act

The focus of activities of each of the six TACs in the past year has been in support of the Military Critical Technologies List (MCTL) implementation project. Each TAC identified those areas of the MCTL which were in their area of expertise and developed a list of specific critical technical data. As written, the MCTL lacks specificity. Such specificity is needed so that Licensing Officers may uniformly interpret the regulations, so that potential exporters can read the regulations and know in advance if they should put resources into consummating a sale, and so that agreements can be achieved in the multilateral control arena. Each TAC completed its own list in calendar year 1984.

Selected members were invited from each TAC to assist the Department of Commerce in understanding the comments received as a result of our Distribution License publication in the Federal Register. It became clear from the many comments received from industry that they had reservations about the proposed rulemaking, but it was not clear exactly what the problems were. The TAC members explained how they used the Distribution License, the impact of the proposed wording, and helped OEA to rewrite the language to meet the requirement for protection of the national security while not unnecessarily impeding legitimate trade.

Several of the TACs produced specific Foreign Availability recommendations. These are treated elsewhere. Also, the TACs continued to provide consultations with respect to the current List Review. The chairmen of the Automated Manufacturing Equipment and of the Telecommunications TACs both supported the U.S. Delegation at COCOM.

The number of TAC meetings were constrained this year because of the uncertainties relating to the Export Administration Act. The TACs are established for 2-year increments and the end of their term coincided with the expiration of the EAA of 1979. A legal determination was required to verify that the existing TACs could be reestablished under both the extension of the EAA, and later under the IEEPA. Because of the alternating authorities, and the need for extensive approvals, the first TAC meetings of the reestablished comittees were not held until February 7, 1984.

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TABLE 2-1.—U.S. Commodities Controlled by Other Agencies

Commodity	*Administering Agency*	*Authority*
(a) Defense articles and defense services on the U.S. Munitions List[3]	Office of Munitions Control, U.S. Department of State, Washington, D.C. 20520	Arms Export Control Act of 1976, section 38 (22 U.S.C. 2778)
(b) Antarctic mammals, birds, and plants	National Science Foundation, Washington, D.C. 20550	Antarctic Conservation Act of 1978 (16 U.S.C. 2401)
(c) Patent application, amendment, modification, supplement thereto or division thereof	Patent and Trademark Office, U.S. Department of Commerce, Washington, D.C. 20230	35 U.S.C. sections 122, 181-187, 188
(d) Narcotics and dangerous drugs[3]	Drug Enforcement Administration, U.S. Department of Justice, Washington, D.C. 20537	Comprehensive Drug Abuse Prevention and Control Act of 1979, title III, Controlled Substances Import and Export (21 U.S.C. 951-966)
(e) Narcotics equipment and material[4]	U.S. Nuclear Regulatory Commission, Washington, D.C. 20555	Atomic Energy Act of 1954, as amended (42 U.S.C. 2011 *et seq.*)
(2) Nuclear data, retransfers (reexports) of nuclear materials or subsequent arrangements for exports of such nuclear equipment and materials	U.S. Department of Energy, Washington, D.C. 20545	Atomic Energy Act of 1954, as amended (42 U.S.C. 2011 *et seq.*)
(f) (1) Vessels of war	Office of Munitions Control, U.S. Department of State, Washington, D.C. 20520	Arms Export Control Act of 1976, section 38 (22 U.S.C. 2778)
(2) Watercraft of 5 net tons or more[5] (i) For export to Country Group Z or (ii) For export to any destination (except Canada) if covered by CCL entry No. 1416	Maritime Administration, U.S. Department of Transportation, Washington, D.C. 20590, jointly with Office of Export Administration, U.S. Department of Commerce, Washington, D.C. 20230	Export Administration Act of 1979 (50 U.S.C. app. 2403 *et seq.*) and the Shipping Act of 1916 (46 U.S.C. 808)
(3) Watercraft of 5 net tons or more	MARAD, U.S. Department of Transportation, Washington, D.C. 20590	Shipping Act of 1916 (46 U.S.C. 808)
(4) Watercraft (including vessels of war exported for scrapping) require export authorization of OEA and MARAD if they are to be exported to Country Group Z (if not Z, MARAD only)	MARAD, U.S. Department of Transportation, Washington, D.C. jointly with Office of Export Administration, U.S. Department of Commerce Washington, D.C. 20230	Export Administration Act of 1979 (50 U.S.C. app. 2403 *et seq.*) and the Shipping Act of 1916 (46 U.S.C. 808)
(5) Watercraft not covered above[6]	Office of Export Administration, U.S. Department of Commerce Washington, D.C. 20230	Export Administration Act of 1979 (50 U.S.C. app. 2403 *et seq.*)
(g) (1) Natural gas[7],[8]	Federal Energy Regulatory Commission and Economic Regulatory Administration, U.S. Department of Energy, Washington, D.C. 20545	Section 3 of the Natural Gas Act of 1978 (15 U.S.C. 717b)
(2) Electric energy[8] (electric power)	Federal Energy Regulatory Commission and Economic Regulatory Administration, U.S. Department of Energy, Washington, D.C. 20546	Federal Power Act of 1920, as amended (16 U.S.C. 824a(e))

TABLE 2-1.—U.S. Commodities Controlled by Other Agencies—(con.)

Commodity	***Administering Agency***	***Authority***
(h) Tobacco seeds and live tobacco plants	Agricultural Marketing Service, U.S. Department of Agriculture, Washington, D.C. D.C. 20250	Tobacco Seed and Plant Exportation Act of 1940 (7 U.S.C. 516-517)
(i) (1) Endangered fish, wildlife, and plants[9]	U.S. Fish and Wildlife Service, U.S. Department of the Interior, Washington, D.C. 20240	Endangered Species Act of 1973 (16 U.S.C. 1531-1543)
(2) Migratory birds[9]	U.S. Fish and Wildlife Service, U.S. Department of the Interior, Washington, D.C. 20240	Migratory Bird Treaty Act of 1918, as amended (16 U.S.C. 703-711)
(3) Bald and Golden eagles[9]	U.S. Fish and Wildlife Service, U.S. Department of the Interior, Washington, D.C. 20240	Act for the Protection of Bald and Golden Eagles of 1940, as amended (16 U.S.C. 668)

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[2] See Supplement No. 2 to Part 370, Export Administration Regulations.

[3] See Section 370.10(d) of the Export Administration Regulations.

[4] See Supplement No. 3 to Part 370, Export Adminstration Regulations.

[5] Documented (or last documented) by means of registration with U.S. Coast Guard. Approval of the Maritime Administration also is required for a transfer to a person who is not a citizen of the United States of any interest in a vessel documented (or last documented) by means of registration with the Coast Guard. Transfer of an "interest" includes the sale, mortgage, charter or lease of such vessels by United States citizens.

[6] See CCL entry Nos. 1416 and 6499 in Supplement No. 1 to Section 399.1 Export Administration Regulations.

[7] The Department of Commerce also has authority to control exports of natural gas pursuant to section 103 of the Energy Policy and Conservation Act (Public Law 94-163, 42 U.S.C. 6201 *et seq.*) and Executive Order of 11912, dated April 13, 1976 (3 CFR 114 (1977)).

[8] The Department of Energy also controls construction, operation, maintenance, or connection of facilities for export of natural gas or electric energy at the U.S. side of international boundaries.

[9] Also any part, product, egg, or offspring thereof, or the dead body or parts thereof, whether or not included in a manufactured product.

TABLE 2-2.—Technical Advisory Committee Consultations—FY 1984

Technical Advisory Committee	**Number of Meetings**
Computer Peripherals, Components, and Related Test Equipment TAC	7
Computer Systems TAC	6
Foreign Availability Subcommittee	8
Hardware Subcommittee	7
Licensing Procedures Subcommittee	6
Electronic Instrumentation TAC	4
Automated Manufacturing Equipment TAC	5
Semiconductor TAC	2
Telecommunications Equipment TAC	4

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CHAPTER 3

National Security Controls

This chapter summarizes the national security control actions taken from October 1, 1983 through September 30, 1984.

Policy Toward Individual Countries

Section 14(a)(3) of the Export Administration Act of 1979 calls for inclusion in the annual report of "the results of the review of United States policy toward individual countries pursuant to section 5(b)." Section 5(b) states:

> "In administering export controls for national security purposes under this section, United States policy toward individual countries shall not be determined exclusively on the basis of a country's Communist or non-Communist status but shall take into account such factors as the country's present and potential relationship to the United States, its present and potential relationship to countries friendly or hostile to the United States, its ability and willingness to control retransfers of United States exports in accordance with United States policy, and such other factors as the President considers appropriate. The President shall review not less frequently than every three years in the case of controls maintained cooperatively with other nations, and annually in the case of all other controls, United States policy toward individual countries to determine whether such policy is appropriate in light of the factors specified in the preceding sentence."

The countries to which exports are controlled for national security purposes are those in Country Groups Q, W, Y, Z, and the People's Republic of China. In accordance with section 5(b) of the Act, the licensing policy toward the USSR, Poland, and Eastern Europe was reviewed, and the President reemphasized the policy for more liberal treatment of exports to China. The policy for China, USSR, Poland, and other East European countries is described below. The USSR and foreign policy controls are discussed in Chapter 4.

China

On November 23, 1983, the Department of Commerce published regulations in the Federal Register implementing a substantially liberalized export licensing policy toward China. The key provisions placed China in Country Group V and established new liberalized technical guidelines governing exports to China. Seven commodity areas considered essential to China's modernization program were subject to the liberalized guidelines. These areas are: (1) computers, (2) computerized instruments,

(3) microcircuits, (4) electronic instruments, (5) recording equipment, (6) semiconductor production equipment, and (7) oscilloscopes. In addition to the seven product areas mentioned above, fifteen new product areas are under interagency discussion for liberalized licensing treatment as well.

East European Countries

The U.S. export control policy towards Eastern Europe is to differentiate between these countries. The more strict policy toward the USSR and Poland does not apply to the other countries in Eastern Europe. The general policy is to approve commodities and technical data to Eastern Europe on a case-by-case basis when it has been determined that the exports will not contribute to the military capability of the country and will not prove detrimental to the national security of the United States. In general, equipment considered reasonable and necessary for the civilian economy is likely to be approved.

Furthermore, applications covering certain commodities and technical data may require multilateral (COCOM) approval before a license is issued.

Controls Maintained Cooperatively with Other Nations

The List Review negotiations at COCOM were completed in July 1984 except for computers, computer software, and switching. These were completed in October 1984. The U.S. published the changes in the Federal Register on December 31, 1984. The balance of the List Review changes will appear in the Federal Register in summer 1985.

A total of over 130 multilaterally controlled International List entries were considered in the last List Review. This number includes 32 proposals for new entries. Some 39 change proposals were either withdrawn or, because of lack of agreement, reverted back to the current entry. Some 72 entries contained either new controls, or tightened existing controls. There were 43 entries containing relaxations. (A single entry could contain both tightenings and relaxations if, for instance, new technology were brought under control and older technology, previously caught, was decontrolled).

Although the computer entry was still being discussed as of this writing, it appears that some relaxations will be achieved at the lower end with corresponding tighter controls at the higher end. Controls at the lower end were relaxed because they contained older technology and because of the problems inherent in controlling pervasive consumer-oriented (personal) computers. The agreements achieved in the computer entry were made possible by extraordinary negotiations, including the establishment of a technical working group by COCOM and by major participation by policy-level negotiators.

The current procedure of reviewing the entire control list periodically (three or four years) has been found to overload the COCOM Secretariat. An alternative procedure has been established to review one-fourth of the List each year and will have the benefit of smoothing out the workload.

Harmonization Program

In expanding on previous efforts at harmonization of COCOM government licensing procedures and in seeking export control cooperation from various third countries, the United States has initiated significant efforts to focus allied attention on the risks of illegal diversion stemming from the extensive transit trade in Western Europe. The United States has been working with its allies to pinpoint the methods used by diverters who take advantage of this large flow of traffic—in both COCOM and neutral countries—to shield their illegal activities. COCOM licensing, enforcement, and customs officials have been holding meetings to devise cooperative efforts to help overcome the vulnerabilities inherent in such transit trade (including bonded warehousing and free trade zones) without unduly hampering legitimate trade.

In addition, the United States has been holding various meetings in Washington with export control personnel of selected COCOM countries to acquaint them with our licensing and enforcement practices in an effort to harmonize our mutual procedures and make them more effective.

Applications Approved

License applications for commodities controlled for national security purposes valued at $1.7 billion were approved for export to the USSR, Eastern Europe and the People's Republic of China during FY 1984. This is approximately $600 million more than the FY 1983 amount. Nearly 92 percent of the increased trade was with the People's Republic of China. By country, the largest total dollar volume of export license approvals was $1.3 billion for China, which is $550 million higher than FY 1983. Other principal approvals were $195.5 million for the USSR, a decrease of $55.2 million versus FY 1983, and $51.0 million for Czechoslovakia, an increase of $39.0 million over FY 1983. Approvals for Hungary were $28.0 million and $25.1 million for Bulgaria.

The largest commodity approvals for national security purposes were for electronic computing equipment valued at $608 million; of this, $482 million was for China. The next largest commodity approvals were for aircraft and parts valued at $497.3 million; of this $482 million was for China. In addition, $88.9 million in licenses was issued for magnetic recording equipment ($61.1 million for China) and $75.3 million in licenses was issued for electronic testing equipment ($52.0 million for China).

Table 1 of Appendix E contains a complete list of approvals for Q, W, and Y countries and the People's Republic of China, classified by country and commodity. All license approvals for these destinations are included in the table, whether they were reviewed for national security, foreign policy or short supply reasons.

Applications Denied

During FY 1984, 255 license applications valued at $58.3 million were denied to the USSR, Eastern European countries and the People's Republic of China. Of this total, 223 involved items under COCOM export control. COCOM-controlled items, even though produced in other Western countries, are deemed not freely available to the USSR, other Warsaw Pact countries, and China because they are subject to controls enforced by COCOM member governments. Thirty-two applications for non-COCOM controlled items also were denied.

Twenty-four of the 32 non-COCOM applications were for exports to the USSR. Of these 32 denials, 19 were because the end-users were known to be engaged in military work. Five items were denied because the equipment or technology was directly related to the production of military hardware. Five applications were denied because they would support or enhance the Bloc computer industry. Finally, three cases were denied because the export of the commodities would be contrary to U.S. Government policies on human rights.

Temporary Exports Approved

License applications for commodities valued at $319.8 million were approved for temporary export to the USSR, Eastern Europe, and the People's Republic of China during FY 1984. This represents an increase of $219 million over the dollar value of temporary licenses issued in FY 1983, and an increase of $118.4 million over the dollar value of temporary licenses issued in FY 1982.

The largest dollar value approvals were for nonmilitary aircraft totaling $177.2 million; of this, $63.2 million was for temporary export to China; $33.0 million to the USSR; and $32.1 million to Hungary. Parties flying U.S. aircraft (other than certified carriers) into Q, W, and Y countries and the People's Republic of China on temporary sojourn are required to obtain export licenses for the aircraft. Temporary export approvals for electronic computing equipment totaled $41.2 million with $37.5 million approved for China, while temporary export approvals for electronic test instruments totaled $10.4 million, with $5.8 million approved for China. Other temporary export approvals for China in FY 1984 were geophysical/and mineral prospecting equipment—$26 million; navigation/communications equipment—$18.2 million; underwater detection equipment—$17 million; and petroleum exploration equipment—$17 million.

Technical Data Licensing to the USSR, Eastern Europe and the People's Republic of China

The Department of Commerce approved 268 applications during FY 1984 for the export of unpublished and unclassified technical data to the USSR, Eastern Europe and the People's Republic of China. This figure is down slightly from 314 approvals in FY 1983. A listing of technical data exports approved during FY 1984 appears as Table 3 of Appendix E to this Report.

Consultation with the Department of Defense

The Secretary of Defense is authorized to review applications for exports of commodities and technical data subject to national security control to the People's Republic of China and all Q, W, and Y countries to determine whether such exports will significantly contribute to the military potential of the recipient country. In addition, the Secretary of Defense, in consultation with the Secretary of Commerce, is authorized to determine the types and categories of transactions to be reviewed by Defense.

From October 1983 through September 1984, 9,297 applications[1] were processed for the export of commodities and technical data to these destinations, 2,115 more applications than were processed in FY 1983. Of this total, 6,285 were exempted from Department of Defense review because the commodities and technical data were of types and categories that the Department of Defense had determined did not require its review. The remaining 3,012 applications were reviewed by Defense, a decrease of 7 percent over the 3,248 Defense reviewed in FY 1983.

The 3,012 applications were reviewed either bilaterally by Commerce and the Department of Defense (2,903), or in the context of the interagency Operating Committee (109), of which the Defense Department is a participating member. Several cases were reviewed at the Assistant Secretary and Secretary levels prior to reaching a licensing decision. Presidential decisions also were required to resolve action on a few export license applications to these destinations.

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[1] This is the total number of applications (exports, reexports, amendments, and applications returned without action) processed out of OEA for the People's Republic of China and destinations in Country Groups Q, W and Y.

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CHAPTER 4

Foreign Policy Controls

This Chapter discusses the export controls imposed under section 6 and 3(2)(B) of the Act to further the foreign policy of the United States. It also contains information on licensing activities under section 6 of the Act and all changes in the exercise of the authorities contained in section 6(a). The Act requires that extensions of foreign policy controls shall be for a period of not more than one year. Foreign policy controls in effect at the beginning of this fiscal year had been extended effective January 20, 1983. On January 20, 1983, the Secretary sent a report to the Congress extending foreign policy controls until January 20, 1985. The January 20 report to the Congress is contained in Appendix D. These reports discuss the effectiveness of the controls in furthering U.S. foreign policy, required to be considered by section 6 of the Act.

Human Rights

Crime control and detection instruments, equipment, and related technical data (excluding data generally available to the public) are controlled to all countries except members of the North Atlantic Treaty Organization, Japan, Australia, and New Zealand. These controls continued in effect pursuant to section 6(j) of the Act, as a means of furthering U.S. human rights policy.

License applications for items controlled for human rights reasons are considered on a case-by-case basis and are generally approved unless there is evidence that the government of the importing country may have violated internationally recognized human rights and that the judicious use of export controls would be helpful in deterring the development of a consistent pattern of such violation or distancing the U.S. from such violations. No country has been formally determined by the Secretary of State to have a government engaging in a consistent pattern of gross violations of internationally recognized human rights, which would result in mandatory denial of license applications pursuant to section 502B of the Foreign Assistance Act.

During the period October 1, 1983 through September 30, 1984, 567 cases for crime control items were reviewed under the human rights policy. Of these cases, 474 applications at a value of $6.2 million were approved and 27 applications valued at $29.4 million were denied to South Korea, Chile, Uruguay, Philippines, Argentina, Syria, Iraq, Taiwan, Paraguay, South Africa, China, Guatemala, Guyana, and Libya. (See Table 4-1.)

AVAILABLE

South Africa and Namibia

Controls on South Africa and Namibia have been maintained on all items subject to national security, human rights (crime control and detection equipment), and nuclear non-proliferation controls. Applications to export such items to police or military entities are generally denied. The licensing requirement on export of automotive vehicles, watercraft, parts, accessories, and tires, when destined to the military or police has also been maintained, although these items can be approved if they would not contribute significantly to police or military functions. Controls have been maintained on all aircraft and helicopters, with a policy of denial for exports for police, military, or paramilitary use. Controls are also maintained on the export of computers to designated South African Government and Homeland agencies that support or enforce the South African policy of apartheid. Computer exports to these entities can be approved, if the export would not contribute to the support or enforcement of apartheid.

In FY 1984, an airborne communication and direction-finding system valued at $32,000, and an application for spectrum analyzers and oscilloscopes valued at $73,000, were denied for export to South African military entities, and an X-ray spectrometer valued at $55,000 was denied for export to the South African police. Five applications valued at $467,000 for export of computers and word-processors for the designated South African Government and Homeland agencies were approved, after careful review and determination by the Department of State that the export would not support apartheid. Fifty-one applications for export of aircraft valued at $80.6 million were approved. (See Table 4-2.)

Libya

In accordance with the President's decision, announced March 12, 1982, to broaden export controls for Libya in FY 1983, foreign policy controls requiring a validated export license for a very broad range of commodities and technical data continued in effect.

Commodities and related technical data controlled for national security purposes, and oil and gas equipment and technical data not readily available abroad, are generally denied, with some exceptions for prior contracts or items already outside the United States on March 12, 1982. Applications for licenses for off-highway wheel tractors under foreign policy controls continued to be considered favorably on a case-by-case basis if in reasonable quantities and for valid civil use. Other items are generally approved, except for:

- commodities restricted under the crime control program (see Human Rights)
- aircrafts, helicopters, and aircraft parts and avionics

During FY 1984, at the direction of the President, licensing policy for Libya was made more restrictive, providing for denial of virtually all items destined to the petrochemical processing complex at Ras Lanuf, Libya.

Due to the substantial volume of Libya cases, arrangements have been in effect since 1983 for the Department of State to review cases at the Commerce Department shortly after they are received. Decisions are usually made at that time, and the majority are recommended for approval. When necessary, significant cases were formally referred to the State Department for review. Of these cases, 70 applications with a value of $335.4 million were denied.

Anti-Terrorism

The Secretary of State determined, effective March 1, 1982, pursuant to section 6(i) of the Act, that Libya, Cuba, the People's Democratic Republic of Yemen, and Syria have provided repeated support for acts of international terrorism. Anti-terrorism controls are applicable to exports to these countries of aircraft valued at $3 million or more and helicopters over 10,000 pounds empty weight, except for civil aircraft for use by regular scheduled airlines based in Syria and the People's Democratic Republic of Yemen for which assurances against military use have been provided. Also subject to anti-terrorism controls are exports of other commodities and technical data under national security control if the proposed export is valued at $7 million or more and is destined for a military end-user or a military end-use.

Applications are generally considered favorably on a case-by-case basis for aircraft and helicopters for civil use if issuance of the licenses would be consistent with the policies set forth in sections 3(4), 3(8), and 3(10) of the Act and subject to the requirement in subsection 6(i) of the Act to notify Congressional committees 30 days before issuing a license valued at more than $7 million.

In addition, during FY 1984, the Secretary of State determined that Iran is a country that has provided repeated support for acts of international terrorism, and Iran was made subject to anti-terrorism controls applied to other designated destinations on March 30, 1984. On September 28, 1984, at the direction of the President, more restrictive anti-terrorism controls were applied to Iran only. These controls apply to the export to Iran of all aircraft and helicopters; related parts, components and avionics, if subject to national security controls; and exports of other commodities and technical data subject to national security controls, if destined to a military end-user or for military end-use. Applications for export to Iran of items subject to these controls will generally be denied, with some exceptions for prior contracts and items already outside the U.S. on September 28, 1984.

Since the expanded controls were imposed on Iran on the last business day of FY 1984, their effect on licensing decisions do not appear until the following fiscal year. During FY 1984, no applications for items subject to anti-terrorism controls, as originally structured before September 28, 1984, were received.

Regional Stability

Exports of military vehicles and certain commodities specially designed to manufacture military equipment continue to be controlled to all destinations except members of NATO, Japan, Australia, and New Zealand for the purpose of regional stability. License applications are considered on a case-by-case basis and are generally approved unless there is evidence that the export would contribute significantly to the destabilization of the region. During FY 1984, 105 applications at a value of $581.9 million were approved. One application for offshore oil drilling equipment valued at $140,814 was denied for export to Libya and one application for equipment for the production of military explosives and solid propellants valued at $339,676 was denied for export to Syria. (See Table 4-3.)

Embargoes of North Korea, Vietnam, Kampuchea and Cuba

Foreign policy controls, as in previous years, applied to exports to North Korea, Vietnam, Kampuchea and Cuba of all commodities and technical data except:

- Technical data generally available to the public, and educational materials;
- Personal baggage, crew baggage, vessels and aircraft on temporary sojourn, ship stores and plane stores;
- Foreign-origin items in transit through the United States;
- Shipments for U.S. Government personnel and agencies; and
- Gift parcels not exceeding $200 of commodities such as food, clothing (non-military) and medicines.

Licensing policy during the fiscal year was generally to deny applications for validated licenses; to review noncommercial exports to meet emergency needs on a case-by-case basis; and, for Cuba, generally to consider favorably an insubstantial (generally 20 percent or less of the value) proportion of U.S.-origin materials, parts, or components in non-strategic foreign-made products to be exported from a third country. From October 1, 1983 through September 30, 1984, the following cases were processed:

- Vietnam — Forty applications for gift parcels valued at $45.3 million that could not be shipped under general license because individual parcels were consolidated for shipment, and 11 applications for charitable and medical items and supplies valued at $3.0 million were approved. Seven applications primarily for electronic, chemical, transportation and industrial supplies and equipment with a total value of $1.2 million were denied.

- North Korea — One application for solar system research equipment with a value of $12,825 was approved.
- Kampuchea — Three applications for non-commercial charitable shipments of food, medical supplies and draft animal vaccines with a value of $1.2 million were approved, and three applications for gift parcels and one for rice field irrigating equipment with a total of $1.3 million were denied.
- Cuba — Twenty-two applications for gift parcels valued at $9.3 million were approved. In addition, approvals were given for: 3 applications for health supplies and equipment valued at $7,783 destined for the Pan American Health Organization; 1 application for highway construction equipment valued at $89,284; 5 applications for medical supplies and equipment valued at $14,759; 4 applications for maintenance items for the U.S.-Cuba telecommunications link valued at $399,077; 2 applications for automobiles for diplomatic personnel valued at $99,947; 2 applications for automotive and tractor parts and components valued at $6.0 million; and 4 applications for a church organ, lanterns, ice coolers, and a gas chromatograph with a total value of $38,222. One application for electronic and computing equipment with a value of $37,770 was denied.

These embargoes were administered not only under the Export Administration Act but also under the Trading With the Enemy Act. They were imposed originally for national security reasons. Although the circumstances that prompted them have changed in some respects, they were not discarded because of the significant foreign policy ramifications in doing so. Tensions on the Korean Peninsula continue to pose security concerns for the United States and its allies in the region. The Vietnamese occupation of Kampuchea continues to block any further discussion on normalizing diplomatic and trade relations with both Vietnam and Kampuchea. Cuba continues to be unwilling to demonstrate restraint toward other countries. (See Table 4-4.)

Lifting of Sanctions on Oil and Gas Equipment

Effective November 13, 1982, at the direction of the President, sanctions imposed on exports to the USSR and Poland, effective December 1981 and June 1982, were rescinded. Those earlier sanctions had imposed controls on the export to the USSR of oil and gas transmission and refining commodities and technical data as well as foreign-origin products and technical data by U.S.-owned or controlled foreign firms, and foreign produced products of U.S.-origin technical data for the USSR.

The licensing policy now in effect is to approve export license applications for exploration and production equipment, except equipment subject to multilateral control in COCOM and except equipment for the manufacture of oil and gas exploration and production equipment. The general policy is to deny applications for export of technical data. As a result of the lifting of controls on export of oil and gas transmission and refining equipment, denial orders issued during FY 1982, which prohibited certain firms in the United Kingdom, France, and Italy from receiving shipments of U.S. oil and gas equipment and technology, were discontinued, and exports of this type of equipment increased from $16.5 million to $304 million in FY 1983.

During FY 1984, license applications for export of $114 million worth of oil and gas equipment to the USSR were approved, a decrease of 62.5 percent or $190 million from last year. None were denied.

Kama River Truck Complex and ZIL Truck Plant

Effective March 1, 1982, the validated license requirement for the export of truck engine assembly lines to the Soviet Kama River truck complex (Kam AZ) was expanded to include any technical data or equipment for the manufacture of trucks at Kam AZ or the ZIL truck plant. This requirement remained in FY 1984. Licenses for such exports will generally be denied. No licenses were issued in FY 1984.

Afghanistan

In response to the Soviet invasion of Afghanistan, applications for licenses to export to Afghanistan were reviewed on the assumption that commodities and technical data sent to that country would be available to the USSR. Validated license requirement for Afghanistan were therefore made virtually identical to those in effect for the USSR, allowing case-by-case review of exports to ensure that such exports were not intended to benefit the USSR while permitting exports for the civilian economy of Afghanistan.

Between October 1, 1983 and September 30, 1984, six applications for non-military aircraft were approved at a value of $4.3 million.

Chemicals for Export to Iran and Iraq

On March 30, 1984, the Department of Commerce imposed a licensing requirement for the export to Iran and Iraq of five designated chemicals that can be used in the manufacture of chemical weapons. This action was taken to further U.S. foreign policy of opposing the use of chemical weapons, of maintaining neutrality in the Iran/Iraq war, and of promoting a mediated end to that war. Applications will be denied where there is reason to believe that these chemicals will be used in producing chemical weapons or will otherwise be devoted to chemical warfare purposes. On September 14, 1984, three additional chemicals that can be used in chemical warfare were identified and also subjected to these controls. During FY 1984, no applications were received for export of these chemicals, although one large shipment of one of the chemicals, which could have previously been exported without a validated license, was prevented by these controls.

Nuclear Nonproliferation

Nuclear nonproliferation controls continued to be in effect pursuant to section 3(2)(A) and (B) of the Act and section 309(c) of the Nuclear Non-Proliferation Act of 1978 (Public Law 95-242). Under this program, a validated license was required for the export to all countries of the following commodities and related technical data:

- Commodities that, if used for purposes other than for which intended, could be of significance for nuclear explosive purposes;
- Other commodities that require a validated export license for national security reasons that are intended for nuclear-related end-uses or end-users;
- Any commodities that the exporter knows or has reason to know will be directly or indirectly in the following activities, whether or not the item is specifically designed or modified for such activities:
  - a. Designing, developing, fabricating or testing nuclear weapons or nuclear explosive devices; or
  - b. Designing, constructing, fabricating, or operating the following facilities, or components for such facilities:
    - (1) Facilities for the chemical processing of irradiated special nuclear or source material;
    - (2) Facilities for the production of heavy water;
    - (3) Facilities for the separation of isotopes of source and special nuclear material; or
    - (4) Facilities for the fabrication of nuclear reactor fuel containing plutonium.

Commodities that could be of significance for nuclear explosive purposes were identified on the CCL. These controls furthered the national security and foreign policy objective of discouraging the proliferation of nuclear weapons. In reviewing nuclear-related applications, the following considerations were taken into account:

- Stated end-use;
- The significance for nuclear purposes of the particular commodity or technical data and its availability elsewhere;
- Types of assurances or guarantees given in the particular case; and
- The nonproliferation credentials of the recipient country.

During the period of October 1, 1983 through September 30, 1984, 47 applications valued at $9.2 million were denied for South Africa, India, Pakistan, Iraq, Israel, Syria, Taiwan, Iran, West Germany, and Brazil. Although the number of cases was 9 percent less than last year, it was a 61 percent increase in the value of the exports denied. (See Table 4-6)

Table 4-1.

HUMAN RIGHTS

	Approved			Denied		
FY	No. of Cases	No. of Countries	Value (millions)	No. of Cases	No. of Countries	Value (millions)
1984	474	---	$ 6.2	27	14	$29.4
1983	238	61	12.7	32	12	1.2
1982	268	51	9.4	11	3	.04
1981	403	90	277.0	42	13	.9
1980	447	90	113.0	10	6	.7

Table 4-2.

SOUTH AFRICA AND NAMIBIA
APPROVED CASES

	AIRCRAFT		MEDICAL SUPPLIES		COMPUTERS	
FY	No. of Cases	Value (millions)	No. of Cases	Value	No. of Cases	Value
1984	51	$ 80.6	0	$--	5	$467,000
1983	32	36.5	2	57,950	0	---
1982	38	276.0	2	12,296	16	1.9 million
1981	244	276.0	24	11.7 million	9	---
1980	118	193.0	67	600,000	0	---

Table 4-3.

REGIONAL STABILITY

	Approved		Denied	
FY	No. of Cases	Value	No. of Cases	Value
1984	105	$581.9 m	2	$480,000
1983	80	341.0 m	1	339,000
1982	39	336.0 m	3	242 mil.
1981	12	10.8 m	---	---
1980	18	7.6 m	---	---

Table 4-4.

EMBARGOES OF VIETNAM, NORTH KOREA, KAMPUCHEA AND CUBA
VALUE OF APPLICATIONS APPROVED

	VIETNAM		CUBA		NORTH KOREA	KAMPUCHEA
FY	Gifts Sent	Medical/ Charitable	Gifts Sent	Other*	Medical/ Charitable	Medical/ Charitable
1984	$45.3 mil.	$3.0 mil.	$ 9.3 mil.	21	$12,825**	$ 1.2 mil.
1983	93.3 mil.	3.7 mil.	13.6 mil.	16	4,412	14,520
1982	47.6 mil.	46,633	14.2 mil.	28	40,795	2.8 mil.
1981	25.1 mil.	2.9 mil.	9.8 mil.	18	84,207	10.3 mil.
1980	5.5 mil.	2.8 mil.	6.4 mil.	15	13,950	25.9 mil.

*Number of cases approved for other non-strategic products, i.e., health supplies, highway construction equipment, automotive and tractor parts, items for the U.S.-Cuba telecommunications link, lanterns, ice coolers, an organ, etc.
**This amount does not represent medical or charitable items but represents one shipment of solar system research equipment.

Table 4-5.

USSR – OIL/GAS EQUIPMENT
Applications Approved

FY	No. of Cases	Value (millions)
1984	not reported	$114.0
1983	not reported	304.0
1982	7	16.5
1981	81	168.9
1980	not reported	41.1

Table 4-6.

NUCLEAR NON-PROLIFERATION
Applications Denied

FY	No. of Cases	Value
1984	47	$9.2 mil.
1983	56	5.7 mil.
1982	73	5.8 mil.
1981	39	9.5 mil.
1980	10	494,000

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CHAPTER 5

Short Supply Controls

Summary

Crude petroleum and certain refined petroleum products continued to be subject to validated export licensing controls during FY 1984. Crude petroleum continued to be subject to restrictions on export as mandated by statute.

Unprocessed western red cedar continued to be subject to validated export licensing. Unprocessed western red cedar harvested from State or Federal lands may not be exported. However, harvest contracts entered into prior to October 1, 1979, covering 90 million board feet of unprocessed western red cedar from State or Federal lands, may be exported.

Supplies of agricultural commodities during FY 1984 were sufficient to meet both domestic demand and export requirements. As the reporting period ended, supply projections for the 1984-85 crop year indicated plentiful supplies for both domestic and export markets of all the agricultural commodities reviewed in this chapter. Exports of cattlehides rose during the 1984-85 year.

Petroleum and Petroleum Products

Export Licenses Issued

Export licenses were issued for shipments to all destinations with which the United States has normal trading relations. Applications for 250,000 barrels or more of any refined petroleum product in any fiscal year require Congressional review necessitating a 30-day delay in processing, as required by section 7(e) of the Export Administration Act (the Act).

Table 5-1 shows the quantities of petroleum products licensed for export during FY 1984.

Crude Petroleum

The export of domestically-produced crude petroleum is subject to several statutory restrictions, and in the absence of a special Presidential finding, is authorized only in certain instances: (1) barrel-for-barrel exchanges with Canadian refiners where there is no net loss of crude oil to the United States, (2) temporary exports for convenience or efficiency of transportation with all of the crude oil returning to the United States, and (3) temporary storage outside the United States while in transit, until the U.S. refiner can receive the oil.

Crude Oil Exchanges with Canada—The crude oil exchange program with Canada was initiated in August 1976 to ensure the continued availability of crude oil via pipeline to certain U.S. Northern Tier refineries. These refineries had developed a dependence on Canadian crude oil and were severely affected by the Canadian decision to progressively decrease crude oil exports to the United States. Under the exchange program, crude oil available to U.S. refiners is exchanged in equal quantity for Canadian crude. The latter is delivered through existing pipelines to Northern Tier refineries that lack alternative sources of crude oil, while U.S. crude is supplied to Canadian refineries able to receive crude oil via the U.S.-Canadian pipeline system. Without this exchange program, some U.S. refineries would be forced to shut down completely or to operate at reduced levels with crude obtained via expensive alternative delivery systems. This would adversely affect both the availability and cost of essential petroleum products within the respective marketing areas of the refineries. In authorizing the export portion of these exchanges, the Department consults with the Canadian National Energy Board, which must also approve any exchanges.

Exchanges are authorized on a calendar year, barrel-for-barrel basis. Each U.S. exporter is required to submit documentation to the Commerce Department on a quarterly basis, establishing the quantities of crude oil exported and imported under the program. The Commerce Department audits this documentation to ensure that there is no net loss of petroleum to the United States. Exports and imports under these exchanges must be kept in balance or U.S. exporters face suspension of their export licenses.

Temporary Exports for Convenience or Efficiency of Transportation

The movement of North Slope Alaskan crude oil to the U.S. Gulf and East Coast and U.S. Caribbean ports via other than U.S. transshipment facilities continued during this reporting period under Commerce Department authorization. Since August 1977, when North Slope Alaskan crude oil first left Valdez, Alaska, approximately 1335 million barrels of crude oil have been so transported. During FY 1984, about 230 million barrels of Alaskan crude oil were shipped to the U.S. Gulf and East Coasts and U.S. Caribbean ports via this route. The companies involved are required to report to the Commerce Department monthly, for purposes of audit, the quantities of crude oil leaving Valdez, enroute in the Pacific, entering, leaving or in temporary storage in any approved non-U.S. transshipment terminal, enroute in the Caribbean or Atlantic, and discharged at various U.S. Gulf Coast, East Coast, and U.S. Caribbean ports.

Exports for Research—One license was issued for the export of a small quantity of crude oil for research purposes during this reporting period.

Reports of Receipt of Applications to Export Petroleum Products

During FY 1984, the Commerce Department reported to the Chairmen of the Senate Banking, Housing, and Urban Affairs Committee and the

House Foreign Affairs Committee the receipt of 248 applications to export refined petroleum products, as required by section 7(e)(1) of the Act.

Exports from Guam and from United States Foreign Trade Zones

Petroleum products refined in Guam or in U.S. foreign trade zones from foreign-origin crude petroleum may be exported, subject to certain limitations, under General License G-FTZ. Firms using this general license must submit quarterly reports listing each such shipment to the Commerce Department. The Department received and audited these reports to keep track of the quantities involved and to ensure that the conditions of the general license were being met during this reporting period.

Western Red Cedar

Export Licenses Issued

During FY 1984, the Commerce Department issued 280 validated export licenses covering 57,509 thousand board feet of western red cedar logs harvested from private, Indian or Alaskan lands.

Ninety-seven validated export licenses covering 18,222 thousand board feet of western red cedar logs harvested from State or Federal lands were issued during the reporting period, pursuant to harvest contracts entered into before October 1, 1979. No licenses were issued for western red cedar harvested pursuant to contracts entered into after October 1, 1979.

Agricultural Commodities

Coarse Grain—Domestic Situation

U.S. coarse grain production dropped 45 percent in 1983/84 reaching only 136.7 million metric tons as idled land under the PIK program (Payment-In-Kind) and adverse weather combined to produce the shortest harvest in more than a decade. Although total domestic use declined to 148.6 million tons as a result of higher domestic feed prices, exports were maintained at the previous year's 54 million ton level. The 1983/84 season average farm price for corn climbed to $128 per metric ton, as compared to $105 in 1982/83. Ending stocks declined by nearly 3 million tons to their lowest level in 7 years.

Coarse Grain—World Supply and Trade

World trade in coarse grains continued to slide in 1983/84 to 90 million metric tons, down nearly 1.5 million tons from the previous year and 17 percent below the record level of 1980/81. Lower import demand for coarse grains in both East and West Europe, China, and Mexico were only partially offset by stronger import demand from the USSR, Japan and South Africa which continued to have drought-impacted harvests. U.S. coarse grain exports rebounded slightly from 54 million tons to 54.4 million tons. Australian exports increased more than four-fold to record levels with a record harvest, while EC exports dropped by a third with a poor barley harvest.

Coarse Grain—Actions Taken by Other Nations

With drought throughout all of southern Africa, a number of those countries have been importing corn from South Africa which in turn has become a huge importer of corn from the United States. The Soviet Union has been buying significant quantities of feedgrains from several small suppliers—rye from Poland, oats from Sweden—as it attempts to diversify import supplies to offset a short harvest. China is becoming a significant exporter of corn to neighboring countries. A huge barley harvest in the EC is intensifying pressure to export record quantities.

Wheat—Domestic Situation

Record average wheat yields did not quite compensate for a smaller area planted because of domestic set-aside and the Payment-In-Kind (PIK) programs, and U.S. wheat production in 1983/84 totalled 65.9 million tons. U.S. wheat exports were also lower at 38.9 million tons, a 2.2 million ton decrease from the previous year's level. Total domestic use expanded to a record 30.4 million tons, and ending stocks fell by about 8 percent to 37.9 million tons. Average farm prices for wheat during 1983/84 were unchanged from 1982/83, at $130 per ton.

Wheat—World Supply and Trade

World wheat production rose to 488.7 million tons in 1983/84, surpassing the previous year's record by about 10 million tons, Australia recovered from its drought with a record wheat crop, but this was partially offset by a smaller crop in Argentina.

World wheat consumption expanded to 484.2 million tons, up four percent from the previous year. This stronger demand for wheat was more than met by increased production by world exporters, and ending wheat stocks increased to 101.3 million tons. World wheat and wheat flour trade in 1983/84 totalled 101.6 million tons, a new record level. Wheat export to drought-stricken North Africa countries increased substantially, and expected continued growth was experienced in Asian and South American markets. However, cutbacks occurred in China, the EC, and Eastern Europe, where record production lessened the need for imported wheat. The U.S. exported 38.7 million tons of wheat in 1983/84, down slightly from the previous year's level, mostly because of lower production, continued strength of the dollar, and increased competition from other wheat exporting countries.

Wheat—Actions Taken by Other Nations

The 1983/84 year was again characterized by intense competition in exporting countries, especially by Australia who nearly tripled wheat production following a disastrous drought. However, a large portion of the

Australian crop was weather-damaged, which led to price reductions and about one million tons of sales of feed-quality wheat to markets such as South Africa, South Korea, Bangladesh, and Mexico. The Australia Wheat Board was also successful in marketing large quantities of wheat early in the year to the USSR, China and Egypt. The European Community (EC) was faced with a growing surplus of wheat and was able to export large quantities of denatured wheat as feed. EC efforts to regain its market share in the Egypt flour market were successful and the EC also made large wheat sales to Morocco and Indonesia. Argentina exported record volumes of wheat, especially to the Soviet Union.

Argentina also reduced its export tax which enabled exports to become more price competitive. The 1983/84 year was characterized by burdensome wheat supplies and corresponding low world wheat prices. Special pricing practices, bonuses, and credit incentives were all evidenced in the world wheat market.

Rice—Domestic Situation

U.S. rice production in 1983/84 declined to only 4.5 million tons as acreage reduction and the Payment-In-Kind (PIK) programs reduced harvested area to only 878,000 hectares, the smallest area harvested since 1973/74. Weather-reduced yields further contributed to the lower production level, which was the lowest since 1977/78. Ending rice stocks fell to 1.5 million tons, down nearly 800,000 tons from the 1982/83 level. The season average farm price rose to $187 per ton, compared with the year earlier price of $180 per ton.

Rice—World Supply and Trade

World rice production in 1983/84 reached a record 449.0 million tons, up 30.0 million tons from the previous record level set in 1982/83. Sharp production increases in China, India, and Thailand, along with smaller increases in most of the other major producing countries, more than offset the drop in U.S. production. World consumption kept pace with production increases, with the result that global ending stocks remained at last year's level of 16.9 million tons. World rice trade in 1984 is projected to increase to 12.4 million tons, compared to 11.9 million tons traded in 1983. Although the level of Indonesian imports has declined sharply between 1983 and 1984, imports by Bangladesh, India, and Vietnam are projected to be much larger and account for most of the increase in world imports. Thailand retains its position as leading exporter with total exports in 1984 projected at 4.25 million tons, followed by the U.S. with total exports forecast at 2.2 million tons.

Rice—Actions Taken by Other Nations

Thailand has maintained the 50 percent reduction in export taxes that was implemented in October of last year, reportedly, to boost farm income. However, the savings was not passed on to farmers but went to foreign buyers in the form of lower export prices. The trend toward government to government contacts continued in 1984 with a number of countries making virtually all their purchases on this basis. In particular, India, Indonesia, and Malaysia each made large purchases under government to government contracts.

Cotton—Domestic Situation

The Payment-In-Kind (PIK) program reduced 1983/84 cotton area and production sharply. The U.S. crop at 7.8 million bales, fell 35 percent from 1982/83 and was the smallest since 1967/68. Growing conditions were generally favorable throughout the cotton belt except in the southeastern states where dry weather cut yields sharply. Mill was increased substantially to 5.9 million bales, reflecting improving economic conditions. U.S. exports totaled 6.8 million bales, up 1.6 million from 1982/83. The U.S. share of 1983/84 world exports increased to 35.8 percent as U.S. cotton replaced reduced available supplies in several major foreign cotton exporting countries. Total use was 12.7 million bales reducing ending stocks to 2.7 million bales, a drop of 5.2 million from a year earlier. The weighted average farm price for upland cotton was 66.1 cents per pound during the first 8 months of 1983/84 as compared with a price of 59.1 cents in 1982/83.

Cotton—World Supply and Trade

World cotton production declined slightly during 1983/84 totaling 67.4 million bales. Production was up sharply in China which made up most of the declines in the United States, Pakistan, Brazil, India, and Egypt. World 1983/84 consumption reached a record 68.7 million bales. Foreign consumption estimated at 62.8 million bales was up 1 percent over 1982/83 and reflected a slower economic recovery than in the United States. World exports declined to 19.0 million bales chiefly due to the smaller crops of several foreign exporters, and the switch of China from an importing to an exporting country. World stocks declined from 25.1 million to 23.8 million bales during the 1983/84 season.

Cotton—Action Taken by Other Nations

Mexico suspended the export quota system in August 1984 because anticipated higher 1984/85 production is expected to provide more normal supplies for domestic and export use.

Soybean—Domestic Situation

U.S. soybean production in 1983 declined to 44.5 million tons, 25 percent below 1982 and the lowest level since 1976. Exports during the 1983/84 marketing year declined by 18 percent from 1982/83, to 20.2 million tons, while domestic crush of 26.8 million tons fell by 11 percent from the previous year. Carryover stocks of soybeans at the end of the 1983/84 marketing year declined by 49 percent from their year-earlier level and this season average U.S. farm prices rose by 36 percent in 1983/84, to $285 per ton.

Soybeans—World Supply and Trade

World soybean production fell by 12 percent to 81.9 million tons in 1983/84 as an 11 percent increase in the rest of the world was not enough to offset the sharply reduced U.S. crop. Combined soybean production in Brazil, Argentina and Paraguay rose to 22.2 million tons, 15 percent over the previous year. Argentina production alone, at 6.2 million tons, posted a 55 percent increase over the previous harvest. In world trade in soybeans and products, the combined effects of the reduced U.S. crop, the depressed economic situation in many major importing countries, and the strength of the dollar contributed to a 7 percent reduction in world soybean imports and a 12 percent lowering in world imports of soybean meal. Global imports of soybean oil, however, declined by less than 5 percent as reduced production of palm oil in Malaysia and coconut oil in the Philippines resulted in some importing countries increasing their purchases of soybean oil.

Soybean—Actions Taken by Other Nations

The reduced level of world trade in soybeans and products referred to above might have been mitigated had the Soviet Union continued to be a significant importer as seemed so evident during 1982/83. In what appeared to be a major policy decision to increase the level of protein in livestock rations, Soviet imports of soybean meal more than doubled in 1982/83 over their year-earlier level, to 2.705 million tons. In 1983/84, however, the USSR reduced its imports of soybean meal to approximately 600,000 tons, the lowest since 1979/80, and imports of soybeans fell to approximately 1,000,000 tons, 33 percent below their level of as recently as 1981/82. The Soviet Union purchased slightly over 400,000 tons of soybeans from the U.S. in the fall of 1983, shortly after agreeing to a new Long Term Agreement with the U.S. which, for the first time, included reference to soybeans as well as grain. However, no further purchases of soybeans have been made and no Soviet purchases of soybean meal from the U.S. have been made since the 1980/81 export suspension. The Soviets continue to rely primarily on South American and European suppliers for soybeans and soybean meal.

The oilseed and product export policies of both Brazil and Argentina exhibited a confusing series of revisions and adjustments during the 1983/84 marketing year. Both countries continued the various policies designed to develop their oilseed crushing industries and encourage the export of value-added protein meals and vegetable oils. However, in the course of the year, both countries apparently became concerned that high world prices for oilseeds and products would lead to excessive exports and domestic shortages for vegetable oils. Consequently, at various times during the year both countries suspended exports entirely, established export quotas, and adjusted their export taxes on oilseeds and products.

These actions served to increase the volatility of world markets and prices for oilseeds and products. However, both Argentina and Brazil have made major commitments to oilseed production and their oilseed crushing industries, and can be expected to continue to aggressively compete on world oilseed and product markets.

Bovine Hides—Domestic Situation

U.S. production of bovine hides rose in 1983-84 to nearly 40 million pieces as both cattle and calf slaughter increased slightly from the previous year. Domestic consumption was down slightly and exports, accounting for over 60 percent of production, rose. Since May 1980 the U.S. Department of Agriculture has been reporting export sales of U.S. hides on a weekly basis. This service was expanded by adding wet-blue, effective April 1983. Hide prices in FY 1984 averaged nearly 40 percent over the previous year's levels.

Bovine Hides—World Supply and Trade

Hide availability from non-U.S. sources remained unchanged during 1983-84 from the previous year. While there were declines in slaughter in Canada, Oceania and some of the South American countries, these were offset by production gains in the EC (particularly France), the USSR and Argentina. Demand for leather by offshore producers of non-rubber footwear and leather apparel was moderately active, pushing hide and leather prices up. Consequently, international trade in leather and hides, particularly on a value basis, rose measurably.

TABLE 5-1.—Petroleum Products Licenses Issued
(In barrels)

Commodity	4th Qtr 1983	1st Qtr 1984	2nd Qtr 1984	3rd Qtr 1984	Total FY84
Aviation Gasoline	287,200	1,645,000	93,000	895,000	2,920,200
Motor Gasoline	15,365,024	38,858,501	25,228,870	14,136,620	93,589,015
Kerosene	1,225,000	2,514,938	1,459,874	853,004	6,052,816
Jet Fuel	1,110,000	38,379,480	11,165,000	6,610,000	57,264,480
Distillate fuel oil	4,526,140	77,892,836	42,296,337	23,726,119	148,441,432
Residual fuel oil	4,710,000	127,601,000	100,655,255	29,815,000	262,781,255
Propane	5,323,129	5,174,914	7,830,030	780,600	19,108,673
Butane	505,000	6,774,900	8,224,065	3,145,000	18,648,965
Natural Gas Liquids	–	1,950,000	500,000	2,125,000	4,575,000
Naphtha	1,516,708	2,367,924	7,399,933	470,645	11,755,210
Butane/Propane Mix	286,666	2,142,047	1,528,571	2,220,000	6,177,284

TABLE 5-2.—World Coarse Grains S&D Table[1] October/September Years 1980/81—1984/85

(In millions of metric tons)

	1980/81	1981/82	1982/83	1983/84	1984/85 Aug. 14	1984/85 Sept. 14
Exports						
Canada	5.5	7.2	7.0	5.8	4.8	4.3
Australia	2.3	3.4	0.9	4.6	4.3	4.3
Argentina	14.2	10.3	11.6	12.0	11.2	11.2
South Africa	4.1	4.7	2.3	0.1	0.2	0.2
Thailand	2.4	3.5	2.4	3.1	3.2	3.4
Subtotal	28.4	29.1	24.3	25.6	23.7	23.4
West Europe	7.0	4.5	6.0	4.4	6.8	8.1
USSR	0.0	0.0	0.0	0.0	0.0	0.0
Others	3.9	6.2	7.1	5.6	4.4	4.9
Total Non-U.S.	39.3	40.1	37.4	35.6	35.0	36.5
U.S.[2]	69.5	58.4	54.0	54.4	60.6	61.9
World Total	103.5	98.5	91.4	90.0	95.6	98.4
Imports						
West Europe	21.4	21.5	16.3	12.8	10.5	11.8
USSR	23.5	20.4	11.0	13.2	18.0	21.0
Japan	15.6	17.9	18.7	20.5	21.2	21.2
East Europe	10.2	6.1	4.9	3.4	4.7	4.4
China	0.8	1.5	2.5	0.3	1.1	1.1
Others	34.2	31.1	37.9	39.9	40.1	38.9
World Total	102.8	98.5	91.4	90.0	95.6	98.4
Production[3]						
Canada	22.1	26.0	26.7	21.0	21.6	21.9
Australia	5.2	6.6	3.9	10.0	7.8	7.9
Argentina	21.0	18.4	18.2	18.3	18.0	18.9
South Africa	15.3	8.8	4.5	5.2	9.8	9.5
Thailand	3.5	4.7	3.8	4.3	4.6	4.9
West Europe	95.0	87.9	93.5	86.1	94.2	97.8
USSR[4]	80.5	72.0	86.0	105.0	89.0	86.0
East Europe	61.4	64.5	71.8	67.3	66.7	67.3
China	84.2	80.8	83.5	92.4	93.0	92.3
Others	145.3	152.3	136.3	143.3	144.9	145.5
Total Non-U.S.	533.7	522.0	528.2	552.9	549.7	552.0
U.S.	198.3	246.6	250.7	136.7	236.1	233.4
World Total	732.0	768.7	778.9	689.5	785.8	785.4

[1] Wheat, rye, corn, barley, oats, sorghum, millet and mixed grains.

[2] Adjusted for transshipment through Canadian ports: Excludes products other than flour.

[3] Production data includes all harvest occurring within the October–September year indicated, except that small grain crops from the early harvesting Northern Hemisphere areas are "moved forward"; i.e., the May 1980 harvests in areas such as India, North Africa and southern United States are actually included in "1980/81" accounting period which begins July 1, 1980, for wheat or October 1, 1980, for coarse grains.

[4] "Bunker weight" basis; not discounted for excess moisture and foreign material.

TABLE 5-2.—World Coarse Grains S&D Table October/September Years 1980/81—1984/85—(con.)

(In millions of metric tons)

	1980/81	1981/82	1982/83	1983/84	1984/85 Aug. 14	1984/85 Sept. 14
Utilization[5]						
U.S.	147.1	154.8	167.9	148.6	159.9	159.9
USSR[6]	99.5	98.5	98.3	114.5	109.0	109.0
China	85.0	81.9	86.1	92.4	93.9	93.0
Others	409.9	404.5	400.5	402.5	408.2	412.3
Total Non-U.S.	594.5	584.9	585.0	609.3	611.2	614.2
World Total	741.6	739.6	752.8	757.9	771.1	774.2
End Stocks[6]						
Total Foreign[7]	48.6	44.1	41.0	38.2	37.6	37.3
USSR: Stks Chg	-1.0	-1.0	-1.0	2.0	-2.0	-2.0
U.S.	34.7	68.2	97.5	31.9	43.9	44.0
World Total	83.3	112.3	138.4	70.1	81.5	81.3

[5] Utilization data are based on an aggregate of differing local marketing years. For countries for which stocks data are not available (excluding the USSR) utilization estimates represent "apparent" utilizations; i.e., they are inclusive of annual stock level adjustments.

[6] Stocks data are based on aggregate of differing local marketing years and should not be construed as representing world stock level at a fixed point in time. Stocks data are not available for all countries and exclude those such as the People's Republic of China, and parts of Eastern Europe: The world stock levels have been adjusted for estimated year-to-year changes in the USSR grain stocks, but do not purport to include the entire absolute level of USSR stocks.

[7] Inclusive of Soviet stock changes; see footnote 6.

SOURCE: Prepared or estimated on the basis of official statistics of Foreign Governments, other Foreign source materials, reports of U.S. Agricultural Attaches and Foreign Service Officers, results of office research, and related information.

Commodity Programs, FAS, USDA.

TABLE 5-3.—World Wheat and Wheat Flour S&D Table July/June Years 1980/81—1984/85

(In millions of metric tons)

	1980/81	1981/82	1982/83	1983/84	1984/85 Aug. 14	1984/85 Sept. 14
Exports[1]						
Canada	17.0	17.6	21.2	20.4	18.7	17.2
Australia	10.6	11.0	8.1	11.6	15.0	15.0
Argentina	3.9	4.3	7.5	9.6	6.5	6.0
Subtotal	31.5	32.9	36.9	41.6	40.2	38.2
EC-10	14.7	15.5	15.6	16.0	16.5	17.5
USSR	0.5	0.5	0.5	0.5	1.0	1.0
Others	5.5	3.6	5.5	4.6	4.6	4.8
Total Non-U.S.	52.2	52.5	58.4	62.7	62.3	61.5
U.S.[2]	41.9	48.8	39.9	38.9	40.1	41.5
World Total	94.1	101.3	98.4	101.6	102.5	103.0

[1] Includes wheat flour and products.

[2] Adjusted for transshipment through Canadian ports: Excludes products other than flour.

TABLE 5-3.—World Wheat and Wheat Flour S&D Table July/June Years 1980/81—1984/85—(con.)

(In millions of metric tons)

	1980/81	1981/82	1982/83	1983/84	1984/85 Aug. 14	1984/85 Sept. 14
Imports						
EC-10	4.5	4.7	3.8	3.1	2.7	2.7
USSR	16.0	19.5	20.2	20.5	24.0	24.0
Japan	5.8	5.6	5.8	5.9	5.7	5.7
East Europe	5.9	6.3	4.6	4.1	3.8	3.8
China	13.8	13.2	13.0	10.0	11.0	11.0
Others	48.1	52.0	51.1	58.0	55.3	55.9
World Total	94.1	101.3	98.4	101.6	102.5	103.0
Production[3]						
Canada	19.2	24.8	26.8	26.6	20.2	20.5
Australia	10.9	16.4	8.9	21.8	16.5	16.5
Argentina	7.8	8.3	14.5	12.0	10.5	9.7
EC-10	55.1	54.4	59.8	59.3	65.5	72.3
USSR[4]	98.2	80.0	86.0	78.0	80.0	78.0
East Europe	34.6	30.6	34.7	35.4	35.6	37.6
China	55.2	59.6	68.4	81.4	84.0	84.0
India	31.8	36.3	37.5	42.5	44.6	44.6
Others	65.3	62.3	66.8	65.9	[illegible]	66.5
Total Non-U.S.	377.9	372.8	403.3	422.9	423.0	429.7
U.S.	64.8	75.8	75.3	65.9	68.8	70.0
World Total	442.7	448.6	478.6	488.7	491.8	499.6
Utilization[5]						
U.S.	21.3	23.1	24.7	30.3	30.4	29.0
USSR[4]	114.7	102.0	105.7	95.0	103.0	101.0
China	69.0	72.8	81.4	91.4	95.0	95.0
Others	240.3	243.8	255.3	267.5	271.2	273.7
Total Non-U.S.	424.0	418.6	442.5	453.9	469.2	469.7
World Total	445.3	441.6	467.1	484.2	499.6	498.7

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[3] Production data includes all harvest occurring within the July-June year indicated, except that small grain crops from the early harvesting Northern Hemisphere areas are "moved forward"; i.e., the May 1980 harvests in areas such as India, North Africa and southern United States are actually included in "1980/81" accounting period which begins July 1, 1980, for wheat or October 1, 1980, for coarse grains.

[4] "Bunker weight" basis; not discounted for excess moisture and foreign material.

[5] Utilization data are based on an aggregate of differing local marketing years. For countries for which stocks data are not available (excluding the USSR) utilization estimates represent "apparent" utilizations; i.e., they are inclusive of annual stock level adjustments.

TABLE 5-3.—World Wheat and Wheat Flour S&D Table July/June Years 1980/81—1984/85—con.

(In million of metric tons)

	1980/81	1981/82	1982/83	1983/84	1984/85 Aug. 14	1984/85 Sept. 14
End Stocks[6]						
Total Foreign[7]	51.5	53.8	55.6	63.4	57.3	64.2
USSR: Stks Chg	-1.0	-3.0	0.0	3.0	0.0	0.0
U.S.	26.9	31.5	41.2	37.9	36.3	37.5
World Total	78.5	85.4	96.8	101.3	93.6	102.2

[6] Stocks data are based on aggregate of differing local marketing years and should not be construed as representing world stock level at a fixed point in time. Stocks data are not available for all countries and exclude those such as the People's Republic of China, and parts of Eastern Europe: The world stock levels have been adjusted for estimated year-to-year changes in the USSR grain stocks, but do not purport to include the entire absolute level of USSR stocks.

[7] Inclusive of Soviet stock changes; see footnote 6.

SOURCE: Prepared or estimated on the basis of official statistics of Foreign Governments, other Foreign source materials, reports of U.S. Agricultural Attaches and Foreign Service Officers, results of office research, and related information.

Commodity Programs, FAS, USDA

TABLE 5-4.—World Rice S&D Table Trade, Production, Utilization and Stocks[1]

(In millions of metric tons)

	CY 1981	CY 1982	CY 1983	CY 1984	Aug. 14 CY 1985	Sept. 14 CY 1985
Exports[2]						
Burma	0.7	0.7	0.8	0.8	0.9	0.9
China	0.6	0.5	0.5	0.6	0.7	0.9
Japan	0.8	0.3	0.3	0.1	0.0	0.8
Pakistan	1.1	0.8	1.3	1.3	1.1	1.1
Thailand	3.0	3.6	3.7	4.3	3.9	4.0
Others	3.9	3.2	2.9	3.1	3.1	3.0
Total Non-U.S.	10.1	9.1	9.5	10.2	9.7	9.7
U.S.	3.0	2.5	2.3	2.2	2.0	2.2
World Total	13.1	11.6	11.8	12.4	11.7	11.9
Imports[2]						
EC-10	1.3	1.1	1.1	0.9	1.0	1.0
Indonesia	0.5	0.3	1.2	0.5	0.8	0.3
Iran	0.6	0.5	0.7	0.7	0.7	0.7
Iraq	0.3	0.4	0.5	0.5	0.4	0.5
Korea, Rep.	2.3	0.2	0.2	0.0	0.1	0.1
Nigeria	0.7	0.7	0.7	0.8	0.8	0.5
Saudi Arabia	0.4	0.5	0.5	0.5	0.5	0.5
Others	7.0	8.0	7.0	8.4	7.3	7.5
World Total	13.1	11.6	11.8	12.4	11.7	11.9

[1] Production is on rough basis; trade, utilization and stocks are on filled basis.

[2] Trade data on calendar year basis.

TABLE 5-4.—World Rice S&D Table Trade, Production, Utilization and Stocks[1]—con.

(In millions of metric tons)

	CY 1981	CY 1982	CY 1983	CY 1984	Aug. 14 CY 1985	Sept. 14 CY 1985
Production[3]						
Argentina	0.3	0.4	0.3	0.5	0.4	0.4
Australia	0.7	0.9	0.5	0.6	0.8	0.8
Bangladesh	20.8	20.5	21.3	21.9	21.6	21.5
Brazil	6.6	9.2	7.8	9.0	9.5	9.5
Burma	13.2	13.6	14.5	14.8	15.0	15.0
China	139.9	144.0	161.2	168.9	170.0	169.0
EC-10	1.1	1.1	1.1	1.1	1.1	1.1
India	50.5	60.0	69.7	88.5	86.0	86.0
Indonesia	29.7	32.8	33.6	34.5	36.0	36.0
Japan	12.2	12.8	12.8	13.0	13.9	13.9
Korea, Rep.	6.0	7.1	7.3	7.4	7.3	7.3
Pakistan	4.7	5.1	5.2	5.2	5.3	5.3
Thailand	17.4	17.8	16.9	18.8	18.5	18.5
Others	57.1	59.0	59.8	60.2	61.4	61.1
Total Non-U.S.	392.2	404.1	412.1	444.5	446.7	445.3
U.S.	6.6	6.3	7.0	4.5	6.1	6.2
World Total	398.8	412.4	419.0	449.0	452.9	451.5
Utilization						
Bangladesh	13.6	14.1	14.6	15.0	15.0	14.9
China	97.5	100.6	112.4	117.7	118.4	117.8
India	53.3	54.1	48.4	56.8	57.8	57.3
Indonesia	21.3	22.3	23.7	24.7	25.9	25.9
Korea, Rep.	5.4	5.4	5.3	5.4	5.3	5.3
Others	79.1	82.7	83.3	84.0	84.2	84.4
Total Non-U.S.	270.1	279.1	287.6	303.6	306.6	305.7
U.S.	2.1	2.2	2.0	1.8	2.3	2.0
World Total	272.2	281.3	289.7	305.4	308.9	307.7
End Stocks[4]						
Bangladesh	0.7	0.3	0.3	0.1	0.2	0.2
India	6.5	5.0	3.0	6.0	5.8	6.5
Indonesia	1.8	2.3	1.7	1.6	0.8	0.3
Korea, Rep.	1.5	1.4	1.5	1.2	1.1	1.1
Thailand	1.1	1.3	0.8	0.8	1.0	0.3
Others	10.0	9.3	7.3	5.8	5.8	5.8
Total Foreign	21.5	19.6	14.6	15.4	14.5	15.1
U.S.	0.5	1.6	2.3	1.5	1.5	1.5
World Total	22.1	21.2	14.9	16.9	16.1	16.5

[3] The world rice harvest stretches over 6-8 months. Thus, 1978/79 production represents the crop harvested in late 1978 and early 1979 in the Northern Hemisphere and the crop harvested in early 1979 in the Southern Hemisphere.

[4] Stocks data are based on an aggregate of different local marketing years and should not be construed as representing world stock levels at a fixed point in time. Stocks data are not available for all countries and exclude those such as North Korea and China.

SOURCE: Prepared or estimated on the basis of official statistics of Foreign Governments, other Foreign source materials, reports of U.S. Agricultural Attaches and Foreign Service Officers, results of office research, and related information.

TABLE 5-5—Cotton: World Stocks, Production, Exports and Consumption by Area[1] 1978/79—84/85

(1000 480 Lb. Bales)

	1978/79	1979/80	1980/81	1981/82	1982/83	1983/84 Prelim.	1984/85 Est.	1985/86 Forcst.
Beginning Stock:								
Export Nations	19859	16740	15682	16142	19623	19518	18564	24319
U.S.	5347	3958	3000	2668	6632	7937	2709	4570
U.S.S.R.	2465	1895	2154	2585	2527	1852	2102	2102
Import Nations	6254	5905	6187	6047	5994	5628	5253	5302
PRC	2500	1460	1548	2392	1892	3017	7267	10167
Foreign Total	20766	18687	18869	19521	18985	17209	21108	25051
World Total[2]	26113	22645	21869	22189	25617	25146	23817	29621
Production:								
Export Nations	57503	63166	62555	68617	65571	65440	74056	0
U.S.	10856	14629	11122	15646	11963	7771	13276	0
U.S.S.R.	11907	12833	13498	13277	11939	12300	12500	0
Import Nations	2131	2065	2251	2209	1866	1922	2236	0
PRC	9950	10100	12400	13600	16500	21300	21300	0
Foreign Total	48778	50602	53684	55180	55474	59591	63016	0
World Total[2]	59634	65231	64806	70826	67437	67362	76292	0
Consumption[3]								
Export Nations	44392	46016	46754	47054	48321	48737	50023	0
U.S.	6352	6506	5891	5264	5513	5885	5506	0
U.S.S.R.	9075	9100	9150	9150	9200	9300	9500	0
Import Nations	18910	19918	18969	18969	19461	19940	20286	0
PRC	13100	14100	15100	16200	16400	16700	17500	0
Foreign Total	56950	59428	59832	60759	62269	62792	64803	0
World Total[2]	63302	65934	65723	66023	67782	68677	70309	0
Exports:								
Export Nations	19115	22675	19320	19657	18885	18524	19240	0
U.S.	6180	9229	5926	6567	5207	6786	6050	0
U.S.S.R	3756	3770	4070	4295	3890	3500	3500	0
Import Nations	606	497	384	535	402	438	439	0
PRC	15	12	6	0	75	600	1000	0
Foreign Total	13541	13943	13778	13625	14080	12176	13629	0
World Total[4]	19721	23172	19704	20192	19287	18962	19679	0

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[1] Season beginning August 1.

[2] Excludes cotton afloat, in transit, and in free ports.

[3] Does not include destroyed or unaccounted.

[4] Includes small quantities reexported. Foreign total is actual world total minus United States components may not add due to rounding.

TABLE 5-6—Soybeans: World Production Crush, and Trade
(1,000 metric tons)[1]

	1980/81	1981/82	1982/83	1983/84 Prelim.	1984/85 Sept.	1984/85 Oct.
Production						
United States	48,921	54,135	59,610	44,519	55,181	53,661
Brazil	15,200	12,835	14,750	15,400	16,000	15,700
Argentina	3,500	4,150	4,000	6,200	6,000	6,000
Paraguay	600	600	520	550	650	650
China, Mainland	7,940	9,325	9,030	9,765	9,800	9,800
Other	4,779	4,935	5,376	5,499	6,068	6,016
Total	80,940	85,998	93,286	81,933	93,699	91,827
Exports						
United States	19,712	25,285	24,634	20,148	21,772	22,045
Brazil	1,798	858	1,320	1,600	1,500	1,600
Argentina	2,700	1,876	1,417	3,011	2,100	2,100
Paraguay	630	830	610	430	525	525
EC-10	170	224	149	90	115	115
Other	333	250	454	801	518	853
Total	25,343	29,323	28,584	26,080	26,530	27,238
Imports						
EC-10	10,176	12,352	11,794	10,020	9,900	10,352
Belgium-Luxembourg	1,098	1,510	1,601	1,350	1,475	1,475
West Germany	3,080	3,680	3,525	2,903	2,819	2,819
Italy	1,131	1,460	1,584	1,500	1,500	1,500
Netherlands	2,938	3,105	2,960	2,801	2,420	2,925
United Kingdom	1,022	1,288	672	400	500	500
Eastern Europe	517	481	702	670	607	607
Poland	156	45	220	70	60	60
Romania	81	228	213	325	300	300
Yugoslavia	238	177	246	220	220	220
Portugal	250	414	735	725	700	700
Mexico	1,370	566	1,070	1,442	1,400	1,550
Brazil	1,070	1,235	80	3	50	100
Japan	4,213	4,486	4,871	4,650	4,850	4,800
Spain	2,790	3,196	3,040	3,000	3,025	3,025
China						
Mainland	540	500	0	0	0	0
Taiwan	1,075	1,170	1,272	1,340	1,350	1,350
Soviet Union	1,476	1,485	1,100	1,000	1,100	1,300
Other	2,964	3,353	3,538	3,379	3,446	3,526
Total	26,441	29,238	28,202	26,229	26,428	27,310
Crush						
United States	27,773	28,032	30,155	26,753	26,943	27,216
Brazil	13,827	12,829	13,678	12,500	13,400	13,200
Argentina	935	1,341	2,106	2,850	3,500	3,500
EC-10	10,227	11,483	10,962	9,855	9,550	10,013
Portugal	221	443	725	720	700	700
Mexico	1,500	1,500	1,450	1,950	1,950	2,000
Japan	3,462	3,564	3,846	3,825	3,980	3,920
Spain	2,850	3,200	3,040	3,000	3,020	3,020
China						
Mainland	3,430	4,030	3,615	3,750	3,924	3,767
Taiwan	865	1,011	1,080	1,100	1,200	1,200
Soviet Union	1,749	1,689	1,378	1,296	1,387	1,566
Eastern Europe	1,086	940	1,296	1,233	1,216	1,256
Other	4,021	4,321	4,660	4,783	5,153	5,247
Total	71,946	74,383	78,011	73,615	75,923	76,605

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[1] Trade, crush and stocks data are aggregated using individual marketing years, except for Argentina and Brazil, which are converted to an October-September basis. For northern hemisphere countries, marketing years begin in the first year shown, and southern hemisphere countries begin in the second year.

TABLE 5-6.—Soybeans: World Production Crush, and Trade—con.

(1,000 metric tons)[1]

	1980/81	1981/82	1982/83	1983/84	1984/85 Aug. 14	1984/85 Sept. 14
Ending Stocks[3]						
United States	8,519	6,926	9,379	4,757	7,076	6,804
Brazil	5,257	4,745	3,597	3,910	4,217	3,920
Argentina	676	1,390	1,628	1,707	2,008	1,847
Other	1,794	1,866	2,388	2,314	2,290	2,270
Total	16,246	14,927	16,992	12,688	15,591	14,841

[3] Stocks data are not estimated for all countries.

Source: Counselor and attache reports, Foreign Agricultural Service, official statistics, oilseeds and products FAS Washington estimates.

Date: October 1984

CHAPTER 6

Export Control Enforcement Activities

Summary

The Office of Export Enforcement (OEE) continued to strengthen and improve its export control enforcement activities during FY 1984 by vigorously pursuing the two-pronged enforcement strategy implemented in FY 1983. The first prong emphasizes preventive enforcement to deny our potential adversaries unlawful access to controlled U.S. technology and commodities. The second prong, punitive enforcement, is intended to deter illegal exports through the use of criminal prosecutions initiated through the Justice Department, and administrative sanctions, including denial of export privileges, as well as the imposition of very substantial fines, by the Commerce Department.

Between October 1, 1983 and September 30, 1984, OEE completed 165 investigations. Of these, warning letters were issued in 63 cases for infractions considered not serious enough to warrant criminal or administrative action; OEE closed 92 investigations for lack of evidence to support criminal or administrative proceedings and closed ten investigations following completion of administrative action by the Department.

In addition to these cases, 51 cases were referred to the Department of Justice, either formally or informally, for possible criminal prosecution. Thirty-nine of these referrals resulted from OEE investigations and 12 resulted from joint investigations by OEE and other federal law enforcement agencies. Thirteen criminal indictments were obtained involving 39 defendants and fourteen defendants were convicted. Criminal fines imposed after OEE investigations for violations of the Export Administration Act totaled $3,240,000 and included the largest criminal fine ever collected in the history of export controls (Datasaab Contracting, A.B.—$3,120,000). Criminal fines imposed as a result of joint investigations totaled $4,553,000.

During the period of this report, OEE referred thirty-seven cases to the Office of General Counsel for the initiation of administrative proceedings. In nine cases, the Department obtained orders temporarily denying export privileges to the parties named in the order pending completion of the Department's investigation or conclusion of administrative or judicial proceedings. Administrative proceedings concluded in FY 1984 resulted in the imposition of civil penalties totaling $1,986,000, compared with civil penalties of $209,300 in FY 1983. In five cases, the Department imposed administrative sanctions which included a denial of export privileges. A total of 63 parties were added to the Denial List in FY 1984.

In FY 1984 OEE continued investigation of 740 ongoing cases and opened 157 new cases, bringing the FY 1984 workload to 897.

Additionally, OEE issued 58 other warning letters as a result of an ongoing special project. The project is designed to review the export activities of parties which have had commodities detained or seized to determine their compliance or non-compliance with the Export Administration Regulations.

During the reporting period, OEE received 318 allegations or disclosures of possible violations; this includes the aforementioned 157 new cases. OEE reviewed and analyzed the cases to identify the nature and scope of each allegation and to establish primary investigative responsibility among OEE's field offices. Matters warranting investigation were referred to investigative units. Where investigation or compliance action was not deemed warranted, the information was retained for future reference.

During FY 1984, OEE reviewed 9,489 export license applications to identify potential violations and initiated 874 pre-license checks, of which 765 were completed, to determine the reliability of the intended foreign consignees as recipients of controlled U.S.-origin commodities or technology. Unfavorable pre-license checks resulted in the rejection or "Return Without Action" of 218 applications for individual validated licenses involving commodities or technology valued at $227,000,000. In addition, in FY 1984, through the close interaction between Commerce's licensing and enforcement personnel in identifying suspect export transactions, 187 individual export license applications, covering products valued in excess of $75 million, were rejected because of adverse intelligence or other enforcement information. In 75 cases, one or more proposed consignees on distribution license applications were rejected as a result of pre-license checks or for other enforcement concerns, preventing the likely diversion of additional millions of dollars of strategic equipment.

OEE, in coordination with the Office of Export Administration implemented two projects during FY 1984 designed to improve the analytical support provided enforcement activities. These were: Project ATLAS (Automated Targeted License Application Screen) which became operational on March 1, 1984 and which provides for computerized enforcement review (screening) of all incoming export license applications; and Project SEAC (Strategic Exports Analysis Committee) which became operational in April 1984 and is a unit consisting of senior intelligence analysts and engineer-licensing officers who regularly review specific export information to determine issues, patterns, or transactions of enforcement and licensing significance.

Under OEE's limited cargo inspection program, which resulted in the physical examination of 5,688 shipments, 285 questionable shipments were subsequently detained. Of these, 119 involved violations of the Act. These exports, valued at $1.6 million, were administratively seized but most of them were released for export after the exporter complied with the necessary export licensing requirements. The other 166 detained shipments were not seized because they were ultimately found to comply with the Regulations. At the U.S. Customs Service's request, OEE made 1643 seizure penalty recommendations to Customs in connection with export shipments seized by Customs inspectors under Operation Exodus.

Program Support

The following important activities were undertaken during FY 1984 to strengthen OEE's enforcement program. OEE opened a fully operational field office in the Washington, D.C. metropolitan area (Springfield, Virginia), thus bringing to four the number of field offices in full operation, joining those in New York, San Francisco (San Jose) and Los Angeles (Burbank). Two OEE special agents are now permanently assigned overseas as export control attaches at the U.S. Embassies in Vienna, Austria, and Stockholm, Sweden, to handle export control matters.

In addition to training at the Federal Law Enforcement Training Center, the specialized formal training program developed last year, unique to strategic export control enforcement, was delivered to 16 additional OEE special agents. Intelligence and investigative coordination with other U.S. agencies having export control and enforcement responsibilities continued to improve significantly with memoranda of understanding being entered into between Commerce and the FBI, DIA, CIA and the U.S. Customs Service, which established procedures for coordination, cooperation and information exchange.

OEE continued to play a lead role in COCOM's multilateral export control enforcement efforts and hosted briefings for visiting export control and enforcement delegations from the Netherlands and Japan.

Through public appearances, government-private sector education programs and other contacts, OEE continued to work with the business community to achieve greater awareness of, and compliance with, export control laws and regulations. As part of the OEE public awareness program, OEE addressed numerous trade organizations and representatives of more than 1400 exporting firms and high technology manufacturers in the U.S. and abroad. "Project Outreach" was established as part of the OEE enforcement strategy in August 1984. Under "Outreach," systematic contacts are established and maintained by OEE special agents with selected "high tech" firms to enhance OEE-private sector enforcement and compliance cooperation. During these contacts, agents acquaint the firms with the Commerce enforcement program, answer questions concerning export controls and solicit private sector assistance in enforcing the Export Administration Act and Regulations. In addition to the list of "red flag" indicators which signal possible illegal exports or diversions, OEE published and circulated to the business community in early FY 1984 a list of "helpful hints" to assist exporters in complying with U.S. export controls.

Criminal Proceedings

On April 15, 1984, Michael A. Kolleczek and Airfo International were convicted in the U.S. District Court for the District of Massachusetts of illegally exporting to Budapest, Hungary, a $600,000 piece of semiconductor manufacturing equipment controlled for national security purposes. Indicted along with Kolleczek and Airfo International was Joseph P. D'Haens, a Belgian national. D'Haens was arrested by Belgian authorities for his part in the illegal transaction and is currently awaiting trial in Belgian court. Kolleczek was given a two-year suspension of sentence and two-year probationary sentence and Airfo International was fined $20,000.

On April 27, 1984, Datasaab Contracting, A.B. (Datasaab), Jarfalla, Sweden, pled nolo contendere in the U.S. District Court for the District of Columbia to a one-count indictment which charged it with a violation of the Export Administration Act. The indictment charged Datasaab with violating the terms of a license under which it reexported U.S. goods and technology from Sweden to the Soviet Union enabling the Soviet Union to expand its air defense capability. Datasaab was ordered to pay a criminal fine of $3.12 million and ordered not to service, supply, or maintain the air traffic control systems in the Soviet Union. This is the largest criminal fine ever collected for an export control violation.

On May 18, 1984, Prima International, a California corporation, pled guilty to a one-count information in U.S. District Court for the Northern District of California, San Francisco, California. Prima was charged with exporting computer equipment in May 1983 to Yugoslavia without the proper authorization from the Department of Commerce, in violation of the Export Administration Act and Regulations. The computer equipment consisted of several interface boards. Prima was fined $5,000.

On July 2, 1984, United Express Corporation, a Los Angeles freight forwarder, pled guilty in the U.S. District Court for the Central District of California to the illegal exportation of a computer system to the Republic of Korea. The company was fined $3,000.

On July 9, 1984, Jong Hee Park, President of United Compudata Corporation, Los Angeles, California, pled guilty in the U.S. District Court for the Central District of California to the illegal export of a computer system to the Republic of Korea, and to altering a Department of Commerce export license. The corporation also pled guilty to the same violations. Park was given five years' probation and fined $10,000, and the corporation was given three years' probation and fined $20,000.

On August 10, 1984, in the U.S. District Court for the Eastern District of California, George Whiting and Theodore Whiting of Western Engineers, Elk Grove, California, were indicted on one count of conspiracy, seven counts of false statements, and twenty-eight counts of illegal exports. This investigation involved the illegal export of more than

$700,000 in high technology electronic components from the United States to Switzerland.

The following cases were investigated jointly by Commerce's Office of Export Enforcement and other Federal law enforcement agencies:

On November 17, 1983, Chipex, Inc., San Jose, California, a U.S. subsidiary of Hua Ko Electronic Company, Ltd., Hong Kong, pled guilty in U.S. District Court for Northern California to a criminal information charging it with the illegal export of silicon wafers containing metal oxide semiconductor integrated circuit devices to Hong Kong. The company was fined $50,000. The guilty plea followed an investigation which revealed that Chipex was being used by Hua Ko, the parent company, to give nationals of the People's Republic of China intensive training in U.S.-origin technology. Export of this technology training is controlled both by the United States and its COCOM allies.

On February 8, 1984, Louis Ray Klement, Chief Financial Officer of Printemps Corporation, Yorba Linda, California, was convicted of conspiring to violate the Export Administration Act. On February 10, 1984, Edward Francis King, President of Printemps Corporation, was convicted both of conspiring to violate and of two violations of the Export Administration Act. Both were tried in the U.S. District Court for the Central District of California. The pair were originally named in a ten-count indictment returned in Los Angeles, California, on November 3, 1983, along with Hendrick G. Wasmoeth of the Netherlands, d/b/a Data Maintenance and Kintraco BV, and Ognian Bozarov and Assen Koinov, both officials of Industrial Cooperation Foreign Trade Organization (INCO) of Bulgaria. The five were charged for their respective roles in the acquisition and illegal export and reexport of computer disk manufacturing equipment from the U.S. to Bulgaria via Holland. Klement was given five years' probation and fined $5,000. King was sentenced to three years' imprisonment, given five years' probation and fined $20,000. Wasmoeth, Bozarov and Koinov remain fugitives from justice.

On April 10, 1984, Astrobar Corporation of Beverly Hills, California, was convicted in the U.S. District Court for the Central District of California for its role in illegally exporting a special type of film to Man Chung Tong of Hong Kong. The film is used in the field of nuclear research to capture events of ultra short duration. Astrobar Corporation was fined $10,000, payment of $3000 of which was suspended, and placed on probation for three years as the result of its violating the Export Administration Act.

On April 12, 1984, in U.S. District for the Northern District of California, Mildred E. McKee, d/b/a MM Associates and Mach II Electronics, Redwood City, California, pled guilty to one count of fraud in a 22 count indictment. McKee had been charged with violating the Export Administration Act in that she had unlawfully exported computer and electronic equipment to a Swiss and Austrian firm serving customers in the Soviet Bloc. McKee was sentenced on August 7, 1984 to six months' work furlough, was given three years' probation, and was fined $1000.

On May 18, 1984, Computer and Terminal Exchange and its parent firm, Digital Systems of Florida, pled nolo contendere in U.S. District Court for the Northern District of Florida to an information charging twenty-seven unlicensed shipments of computers and computer peripherals, valued in excess of $75,000, to Western Europe. Two of the shipments were transshipped to the Soviet Union by a circuitous route. Computer and Terminal Exchange/Digital Systems of Florida was fined $270,000. Computer and Terminal Exchange is now defunct.

On July 24, 1984, Man Chung Tong of Hong Kong was convicted in the U.S. District Court for the Western District of Washington for violating the Export Administration Act. Tong was indicted by a Federal Grand Jury in Seattle, Washington, on February 14, 1984, and charged with his role in the acquisition of sophisticated electronic test equipment from the U.S., and the subsequent illegal export and reexport of the equipment to the People's Republic of China via Hong Kong. Tong failed to appear for sentencing in Seattle on September 7, 1984, and has forfeited $350,000 in cash which he had posted as bond. He remains a fugitive from justice.

Administrative Proceedings

Southern Avionics Company
5055 Belmont
P.O. Box 5345
Beaumont, Texas 77702

An Order dated October 4, 1983, imposed a $5,000 civil penalty against Southern Avionics Company. The Order, issued pursuant to a consent agreement, was based on allegations that Southern Avionics made false statements on export control documents and that it caused the export of electronic navigational equipment to the Netherlands without a validated export license.

Microelectronics Research Institute
P.O. Box 7232 Loop Station
7th Floor
Motor and General Building
Capetown, South Africa
and
Banhock Road
Stellenbosch, South Africa

and

Dr. Athol M. Harrison
Administrative Director
P.O. Box 7232 Loop Station
7th Floor
Motor and General Building

and
13th Floor, BP Center
Thiebolt Center
Cape Town, South Africa

and

Act-Com, Pty. Ltd.
Cape Town, South Africa

and

Computer Add-ons Pty. Ltd.
Cape Town, South Africa

and

Dancontrol, AG
Zug, Switzerland

and

Electronica, S.A. (Pty.) Ltd.
101 Connaught Road
Beaconvale (Parow)
Cape Town, South Africa
and
P.O. Box 7232, Roggebuai
Cape Province 8012, South Africa

and

Electronica-Stellsels
101 Connaught Road
Beaconvale (Parow)
Cape Town, South Africa
and
P.O. Box 7232, Roggebuai
Cape Province 8012, South Africa

and

Detleff Heppner
c/o Electronica-Stellsels
101 Connaught Road, Parow
Cape Town, South Africa

and

Optronix Pty, Ltd
101 Connaught Road
Parow, South Africa

and

Manfred Schroeder
Buitenverwachtung Farms
Constantia, South Africa

and

SEM Investments Pty., Ltd.
Cape Town, South Africa

and

Dr. Hendrick Christo Viljoen
c/o Microelectronics Research Institute
P.O. Box 7232 Loop Station
7th Floor
Motor and General Building
Cape Town, South Africa

and

Clive Whitton
46 Moss Street
Newlands, South Africa

An Order dated November 23, 1983, temporarily denied all export privileges to Microelectronics Research Institute and Dr. Athol M. Harrison, both of Cape Town, South Africa, and several related parties. The Order was issued after a showing that there was reason to believe that the respondents were involved in the diversion of U.S.-origin commodities to West Germany from South Africa contrary to U.S. export control regulations. The Order remains in effect until the final disposition of any administrative or judicial proceedings initiated as a result of the ongoing investigation.

Charles Julius McVey, Jr.
18331 Jacotal
Villa Park, California 92667
and
1114 and 1116 N. Armando
Anaheim, California 92806
and
1140 N. Armando
Anaheim, California 92806
and
Apartdo Postal
P.O. Box 1824
Panama 1, Panama

and

Land Resources Management, Inc.
1114 and 1116 N. Armando
Anaheim, California 92806

and

Rolf Lienhard
c/o Frank AG
International Transporte Frachthof West
Postfach 236
8058 Zurich-Flughafen
Switzerland

and

Frank AG
a/k/a Frankair Frank AG Zurich
a/k/a Frankair
Postfach 236
8058 Zurich-Flughafen
Switzerland

and

Yuri Boyarinov
c/o Electronorgtechnika
G-200 Smolenskaja pl. 32/34
Moscow, U.S.S.R.

and

Janice McVey
18331 Jacotal
Villa Park, California 92667

and

Charles Julius McVey, III
18331 Jacotal
Villa Park, California 92667

and

Michael McVey
18331 Jacotal
Villa Park, California, 92667

and

ICOHAGE Intercontinental Handelesgesellschaft
Weylenstrasse 440
Zurich, Switzerland

and

Interprojekt Gesellschaft
Rosenberg 345
Zurich, Switzerland

and

SATS-Societe Anonyme
Technologie Spatiale
Les Maladieres
2022 Bevaix (NE), Switzerland

By Order dated October 13, 1983, Charles McVey, Rolf Lienhard and Yuri Boyarinov and the other related parties named above were temporarily denied all U.S. export privileges pending the completion of an investigation of their alleged role in the diversion of U.S.-origin equipment from the United States to a proscribed destination. The Order was issued in the public interest after a showing that McVey exported or attempted to export from the United States to Switzerland U.S.-origin equipment without the required validated export licenses; that Lienhard reexported or caused to be reexported U.S.-origin electronic equipment from Switzerland to the Soviet Union without the required reexport authorization from OEA; and that Boyarinov aided and abetted these violations of the Export Administration Act. On March 20, 1984, the Hearing Commissioner amended the October 13, 1983, temporary denial order by removing Frank, A.G., from the Order. The Order will remain in force until the completion of any administrative or judicial proceedings resulting from the continuing investigation.

Pandair Freight, Inc.
167-55 148th Avenue
Jamaica, N.Y. 11434

An Order dated October 31, 1984, imposed a civil penalty of $7500 on Pandair Freight, Inc. The Order was based on allegations that the firm exported U.S.-origin commodities to Finland without the required export license. The civil penalty was imposed pursuant to a consent agreement. The company agreed to institute corrective measures regarding its compliance with the Regulations.

Goran Josberg

and

Globe Computers AB
Strandvagen 9
S-114 56 Stockholm, Sweden

An Order dated December 28, 1983, temporarily denied Goran Josberg, Globe Computers AB and a related party, all U.S. export privileges. The

Order remains in effect until completion of OEE's investigation or until final disposition of any administrative or judicial proceedings initiated against the parties. The Order was issued after a showing that there was reason to believe the respondents were involved in the diversion of U.S.-origin computers to the Soviet Union contrary to U.S. export control regulations.

Sven Olof Hakanson (Hakansson)

and

Kerstin Ingegard Hakanson (Hakansson)

and

Sunitron AB

and

Solec AB
a/k/a Solek AB
Hagtornsvagen 2-4
Taby, Sweden

An Order dated December 29, 1983, temporarily denied Sven Olof Hakanson, and certain related parties, all U.S. export privileges. The Order was issued after a showing that there was reason to believe the respondents were involved in transactions with persons denied all U.S. export privileges and that they dealt in those transactions without the required authorization from the Department contrary to U.S. export control regulations. The Order remains in effect until completion of OEE's investigation or until final disposition of any administrative or judicial proceedings initiated against the parties.

Iskra Electronics, Inc.
8 Greenfield Road
Syosset, New York 11791

An Order dated January 6, 1984, imposed a civil penalty of $84,000 against Iskra Electronics, Inc. The company agreed to institute corrective measures regarding its compliance with the Regulations. It was agreed that $18,000 of the civil penalty would be suspended during a one-year probation period provided the company does not violate the Export Administration Act, the Regulations or the terms of the Order. The Order was based on charges that, between December 1978 and June 1982, Iskra attempted to export from the United States to Yugoslavia & Italy 24 shipments of integrated circuits, computer peripherals and electronic components without the necessary validated export licenses. The civil penalty and probationary period were imposed pursuant to a consent agreement.

Tencom Corporation
3647 Woodland Drive
Northbrook, Illinois 60062

and

Donald Malsom
1245 N. Dearborn St.
Chicago, Illinois 60610

and

Najmeddin A. Elyazgi
a/k/a Col. Elyazgi
a/k/a Capt. Elyazgi
Okba Air Base, Tripoli
Socialist People's Libyan
Arab Jamahiryah (Libya)

and

Nedim Sulyak
1303 Landwehr Road
Northbrook, Illinois 60062

An Order dated January 10, 1984, temporarily denied the above named parties all U.S. export privileges until final disposition of the administrative proceedings to be initiated against the parties. The Order was based on the facts underlying a related criminal conviction on August 15, 1983, in U.S. District Court for the Northern District of Illinois. The Office of Export Enforcement alleged that Tencom and related parties conspired to violate the Export Administration Act, illegally exported U.S.-origin aircraft parts to Libya without the required export licenses and failed to disclose that the destination for the equipment was Libya.

Arnold I. Mandel

and

Rona K. Link Mandel
a/k/a Rona K. Link
P.O. Box 1368
24763 Restive Way
Grass Valley, California 95945

and

TIRRCO
P.O. Box 1368
24763 Restive Way
Grass Valley, California 95945

and

215 Club Drive
San Carlos, California 94070

An Order dated January 16, 1984, temporarily denied all U.S. export privileges to Arnold Mandel and Rona Link Mandel, also known as Rona Link, their company, TIRRCO, and to two related parties. The Order was issued after a showing that there was reason to believe the Mandels and TIRRCO were involved in the export of U.S.-origin commodities to the United Kingdom and Hong Kong contrary to U.S. export control regulations. The Order remains in effect until the final disposition of any administrative or judicial proceedings initiated against TIRRCO as a result of the ongoing investigation.

Edward F. King
5122 Grandview Avenue
Yorba Linda, California 92686

and

Ognian Bozarov
57 Boul Tcherni Vrah
Sofia, Bulgaria

and

Data Maintenance
Berenkoog 29
1822 BH
Alkamaar, Holland

and

Nancy P. King
5122 Grandview Avenue
Yorba Linda, California 92686

and

Kintraco
Berenkoog 29, 1822 BH
Alkamaar, Holland

and

Louis R. Klement
1255 Genoa Place
Placentia, California 92670

and

Assen Koinov
57 Boul
Tcherni Vrah
Sofia, Bulgaria

and

Printemps Corporation
4854 Main Street
Suite F
Yorba Linda, California 92686

and

Traco Supplies B.V.
Berenkoog 29, 1822 BH
Alkamaar, Holland

and

Hendrick G. Wasmoeth
Berenkoog 29, 1822 BH
Alkamaar, Holland

An Order dated February 3, 1984, temporarily denied all U.S. export privileges to the above parties until conclusion of the administrative and judicial proceedings instituted against the respondents. The Order stemmed from a related criminal conviction of Klement on February 8, 1984, and of King on February 10, 1984. King, Klement, Wasmoeth, Bozarov and Koinov are alleged to have conspired to export U.S.-origin computer disk manufacturing equipment from the U.S. to Bulgaria without first obtaining the required validated export license; that King and Klement, aided and abetted by Wasmoeth, exported and caused to be exported U.S.-origin computer disk manufacturing equipment without obtaining the required validated export license and that King and Klement, aided and abetted by Wasmoeth, exported and diverted and caused to be exported and diverted U.S.-computer disk manufacturing equipment from the United States through Holland to Bulgaria by falsely stating and representing on Shipper's Export Declarations the destination of the U.S.-origin computer disk manufacturing equipment to be Holland when, in fact, it was Bulgaria.

M.E.S. Equipment, Inc.
First floor, The Parade, Frimley
Camberly, Surrey, England

and

Brian A. Moller-Butcher
a/k/a Brian A. Butcher
23 Merrywood Park
Golf Drive, Camberly
Surrey, England

and

Paul C. Carlson
c/o C-O Manufacturing Company, Inc.
646 Summer Street
Brockton, Massachusetts 02403

and

M.E.S. Equipment, Inc.
with locations at both
646 Summer Street
Brockton, Massachusetts 02430

and

147-27 175th Street
Jamaica, New York 11434

and

Contel Equipment
5 Bear Court
Danshill East Industrial Estate
Basingstoke Hampshire, England

and

Scan-Furn
Merrywood House
23 Merrywood Park
Golf Drive, Camberly
Surrey, England

By Order dated February 8, 1984, M.E.S. Equipment, Inc., Brian A. Moller-Butcher, Paul C. Carlson, C-O Manufacturing Company, Inc., and certain related parties, were temporarily denied all U.S. export privileges pending the resolution of administrative proceedings to be initiated against them. The Order alleges that, on February 18, 1982, a Federal Grand Jury returned a 30-count indictment against Brian A. Moller-Butcher, a British citizen, and his U.S. company, M.E.S. Equipment, Inc., and Paul C. Carlson and his company, C-O Manufacturing Company, Inc. The indictment charged Moller-Butcher, Carlson and their companies with numerous counts of exporting and reexporting U.S.-origin equipment without validated licenses or reexport authorization to the United Kingdom, Sweden, Romania, Poland or Bulgaria and with making false writings regarding those exports and reexports.

Carlson and his company pled guilty to several counts of the indictment. Moller-Butcher did not appear for trial and is currently a fugitive with an outstanding warrant issued for his arrest. The Government, in the interest of prosecutorial and judicial economy, won a dismissal, without prejudice, of its case against M.E.S. Equipment, Inc. until both Moller-Butcher and his company can be tried simultaneously.

Clipper Oil Company Ltd.
32 Reid Street
Columbia House
Hamilton, Bermuda 5-31

An Order issued February 17, 1984, imposed a civil penalty of $17,000 on Clipper Oil Company Ltd. The Order stemmed from charges that the company diverted a shipment of 170,000 barrels of commercial grade jet fuel from Greece, its intended destination, to Egypt. The civil penalty was imposed pursuant to a consent agreement.

Suin, S.A.
Calle Clot 194
Barcelona, Spain

and

Paseo Manual Gironall
Ctra N-340 Km 243'400
Vilaseca (Tarragona), Spain

and

Carlos Mira Gallart
a/k/a Carlos Mira
Hernandez Inglesias No. 4
Madrid and Barcelona and Tarragona, Spain

An Order dated February 28, 1984, modified the October 14, 1982, Order temporarily denying export privileges to Mira, et al., to include Sic, S.A., successor company to Suin, S.A.

Charlotte Aircraft Corporation
4801 East Independence Boulevard
Charlotte, North Carolina 28213

An Order dated March 9, 1984, imposed a $25,000 civil penalty on Charlotte Aircraft. It was agreed that $5,000 would be paid to the Department within 20 days of the Order and that the remaining $20,000 will be paid in annual installments of $5,000 each, due on or before the annual anniversary date of the initial payment. The Order was based on allegations that Charlotte Aircraft had exported, on five occasions, aircraft component parts to Italy without the required OEA export licenses. The civil penalty was imposed pursuant to a consent agreement. The company agreed to institute corrective measures regarding its compliance with the Regulations.

Carl F. Baasel
c/o Carl Baasel Lasertechnik K.G.
Sandstrasse 21
8000 Munich 2
Federal Republic of Germany

and

Carl Baasel Lasertechnik K.G.
Sandstrasse 21
8000 Munich 2
Federal Republic of Germany

An Order dated March 9, 1984, imposed a civil penalty of $40,000 and a ten year period of limited denial of export privileges on Baasel and his firm. Baasel is denied export privileges to all Warsaw Pact countries, Libya, Cuba, Kampuchea, North Korea and Vietnam. Baasel must also submit a semiannual report to Commerce concerning receipt and disposition of U.S.-origin goods and technical data. The reporting requirement was imposed because Baasel is permitted to continue to receive goods and technical data in the Federal Republic of Germany and to export and reexport goods and technical data to other destinations not named in the denial order, subject to the Export Administration Regulations. The Department suspended $30,000 of the civil penalty and will waive payment of that amount at the end of five years provided that Baasel and his firm do not violate the Export Administration Act, the Regulations or the terms of the Order during that period. The Order was based on charges that Baasel and his firm attempted to export U.S.-origin computer equipment from the United States to the Federal Republic of Germany without having obtained a validated license and for causing false and misleading statements to be made to a U.S. agency in connection with the attempted unlawful export. The civil penalty and denial period were imposed pursuant to a consent agreement.

Pan American World Airways
200 Park Avenue
New York, N.Y. 10017

An Order dated April 25, 1984, imposed a civil penalty of $22,500 on Pan American World Airways and the company agreed to take certain corrective measures regarding future compliance with the Export Administration Act and Regulations. The Order was based on allegations that, on five separate occasions, the firm exported U.S.-origin commodities to England, South Africa, Uruguay and, twice, to Yugoslavia without authoriziation from the Department after the shipments had been detained. The civil penalty was imposed pursuant to a consent agreement.

Datasaab Contracting, A.B.
Data Vaegen 9
Jarfalla, Sweden

An Order dated April 30, 1984, imposed an indefinite period of denial on Datasaab Contracting, A.B. (Datasaab). The Order, issued pursuant to a pre-charging consent agreement, was based on allegations that Datasaab violated the terms of the license under which it reexported U.S. goods and technology from Sweden to the Soviet Union, thereby enabling the Soviet Union to expand its air defense capability. The consent settlement was entered into in accordance with the plea agreement between the United States and Datasaab in the related criminal proceeding, *supra.*

Pierre A. Randin

and

FAVAG, S.A.
Monruz 34
CH-2000 Neuchatel, Switzerland

and

Joseph Lousky

and

Eler Engineering S.A.
59 Mozart Avenue
75016 Paris, France

and

Susanna Maas
Eler Engineering S.A.
P.O. Box 209
CH-1401 Yverdon, Switzerland

and

Dr. Etang Chen

and

Eaton and Kings Corporation
(ENK)
167 Oak Street
Westwood, Massachusetts 02090

By Order dated March 11, 1983, Eaton and Kings Corporation and the other parties named above were temporarily denied all U.S. export privileges pending the completion of an investigation of their alleged role in the diversion of U.S.-origin integrated circuit manufacturing and testing equipment from the United States to a proscribed destination. On May 8, 1984, the Hearing Commissioner amended the March 11, 1983, temporary denial order by deleting FAVAG S.A. as a respondent.

Digital Systems of Florida, Inc.
114 East Gregory
Pensacola, Florida 32501

An Order dated May 8, 1984, imposed a civil penalty of $270,000 on Digital Systems of Florida, Inc. (DSF). Under the agreement, the amount of the civil penalty was reduced by the amount of the $270,000 fine DSF paid in a related criminal proceeding in the Northern District of Florida. DSF was additionally denied all U.S. export privileges for a period of two years, the last 18 months of which was suspended. DSF was further denied, for a concurrent period of two years, all export privileges requiring a validated export license or reexport authorization. The Order was based on charges that the firm illegally exported computers and related parts to Western Europe and Australia.

Saburo Soejima
8-3 Miyamoto-cho
Kawasaki-Ku
Kawasaki, Japan

By Order dated June 22, 1984, Saburo Soejima was denied all U.S. export privileges. The Order was issued after a showing that Soejima had reexported three U.S.-origin video recorders to Cuba without the required U.S. reexport authorization. The Order will remain in effect against Soejima for a period ending June 21, 1989.

Hiroshi Minabe
5-1, Kita-Aoyama 2-chome
Mianto-Ku, Tokyo, Japan

By Order dated June 22, 1984, Hiroshi Minabe was denied all U.S. export privileges. The Order was issued after a showing that Minabe had reexported three U.S.-origin video recorders to Cuba without the required U.S. reexport authorization. The Order will remain in effect against Minabe for a period ending June 21, 1989.

Digital Equipment GmbH
Freischultzstrasse 91
8000 Munich
Federal Republic of Germany

VAILABLE

An Order dated September 4, 1984, imposed a civil penalty of $1.5 million dollars on Digital Equipment GmbH. The Order was based on allegations that the firm engaged in transactions with a person denied all U.S. export privileges. The civil penalty was imposed pursuant to a consent agreement and is the largest civil penalty ever imposed for a violation of the Export Administration Regulations. Payment of $400,000 of the civil penalty was suspended by the Department for a period of three years and will be waived at the end of that period provided DEC GmbH commits no violation of the Act or Regulations or any order or license during that time.

Sertech Laboratories, Inc.
One Peabody Street
Salem, Massachusetts 01970

An Order dated September 26, 1984, imposed a civil penalty of $9,000 on Sertech Laboratories, Inc., and the company agreed to institute corrective measures regarding its compliance with the Regulations. The Order was based on charges that the firm exported integrated circuit chips to Switzerland, France and Sweden without the required export licenses. The civil penalty was imposed pursuant to a consent agreement.

Tokyo Boeki, Ltd.
13-8, Hatchobori 2-Chome
Chuo-ku
Tokyo, Japan

An Order dated September 26, 1984, imposed a $6,000 civil penalty on Tokyo Boeki, Ltd. The Order was based on charges that Tokyo Boeki had disposed of energy dispersive systems on two occasions in the Soviet Union without the required reexport authorization. The civil penalty was imposed pursuant to a consent agreement. The company agreed to institute corrective measures regarding its compliance with the Regulations.

United States Customs Service

In addition to the criminal proceedings reported by the Office of Export Enforcement, the United States Customs Service reports the following criminal proceedings resulting from Customs' own or other joint investigations:

On December 20, 1983, United States Customs Service Special Agents arrested Norman N. Comerford, a British citizen and the owner of International Consulting Group, Englewood, Colorado, and Bruce D. Adamski, a U.S. citizen and the general manager of the firm. Comerford and Adamski were arrested when they attempted to illegally export a sophisticated seismograph system, designed specifically for monitoring nuclear weapon tests, and a laser system used for measuring and testing fiber optics, resistor trimming and marking silicon wafers. Both commodities were ultimately destined for Moscow, USSR. On April 30, 1984, Comerford was sentenced to 2 years' imprisonment for violating the Export Administration Act, and was ordered to pay a $10,000 fine and was given 5-years' probation for violating the Arms Export Control Act. Adamski received a sentence of 1-year's imprisonment for violating the Export Administration Act, and was ordered to pay a $15,000 fine and was given 5-years' probation for violating the Arms Export Control Act.

On March 16, 1984, seven individuals (Dieter Enderline, Fred Schiavo, Leslie Klein, Ray McLellan, Oliver Du Paul, Albert C. Beeson and R. Paul Boucher) and five businesses (Elmont AG, Semitec AG, MLPI Business Systems, Inc. (Canada), MLPI Business Systems, Inc. (Phoenix, Arizona) and Young Sales and Service, Inc.) were indicted in Boston for multiple violations of the Export Administration Act during 1981 and 1982. The scheme involved circumventing U.S. export requirements by first exporting the controlled commodities (computer systems and semiconductor production equipment) to Canada since such commodities are exempted from licensing requirements to Canada. Upon arrival in Canada, the commodities were delivered to a Canadian airport where they were reexported to the Soviet Union clandestinely through West Germany and Switzerland. The investigation culminated during July 1982 when, at the suggestion of the United States Customs Service, the West German Customs Service located and seized an additional computer system intransit through West Germany to the Soviet Union. The indictments were originally under seal until such time as one or more of the accused foreign nationals entered the United States and could be apprehended. On April 2, 1984, one of the foreign conspirators did enter the United States and was arrested by the United States Customs Service. Trial is pending in this matter.

On February 4, 1984, Man Chung Tong, a Hong Kong citizen, was arrested in San Francisco, California, for diverting U.S.-origin technology to the People's Republic of China. Records found in Tong's possession at the time of his arrest revealed that Tong had previously illegally exported millions of dollars of critical technology to the PRC. Additional records seized reflected a number of outstanding orders from U.S. firms intended for the PRC, including an order for 100 oscilloscopes valued at $1.3 million. On June 19, 1984, Man Chung Tong pled guilty to one count of conspiracy to violate the Export Administration Act and one count of illegally exporting U.S.-origin technology to the PRC, in violation of the Export Administration Act. On August 20, 1984, Tong failed to appear for sentencing and is considered to be a fugitive.

On June 21, 1984, William Newkirk, doing business as Kal Tek Labs, National City, California, pled guilty to 5 counts of a 17 count indictment charging conspiracy, illegal exportation and false statements relating to sales of testing and computer equipment to the People's Republic of China. On August 20, 1984, Newkirk was sentenced to 2-years' imprisonment, given 5-years' probation and fined $50,000. A coconspirator of Newkirk's was Man Chung Tong.

AVAILABLE

On August 2, 1984, Standard Dry Wall Products, Ltd., Miami, Florida, pled guilty to violating the Export Administration Act. The United States District Court for the Northern District of New York sentenced the company to pay a criminal fine of $300,000. The violation, which occurred on or about January 9, 1979, consisted of illegal exports of a controlled commodity from the United States through Canada to Cuba. The Standard Dry Wall company had full knowledge of the transactions and gave its consent for the merchandise to be shipped to Cuba in violation of the Export Administration Act.

CHAPTER 7
Antiboycott Program

Summary

In FY 1984, the Office of Antiboycott Compliance (OAC) completed a total of 226 investigations, of which 59 resulted in settlements and 6 in the issuance of charging letters. Civil penalties of $1,647,500 were imposed during the year as a part of the settlements. OAC also continued its efforts to improve public understanding of the law through the issuance of written interpretations of its regulations, participation in educational programs for interested groups and consultations with company representatives on boycott problems. In addition, the antiboycott provisions of the EAA withstood constitutional challenges in the Federal courts.

Legal Challenges

In FY 1984, certain of the antiboycott provisions of the Export Administration Act withstood constitutional challenge. The United States Court of Appeals for the Seventh Circuit affirmed lower court rulings upholding the constitutionality of the law in actions brought by Briggs and Stratton, Inc. and by the Trane Corporation. On October 1, 1984, the Supreme Court declined to review this appellate decision. In three other cases raising similar constitutional challenges and consolidated in the U.S. District Court for the District of Delaware, pretrial proceedings had been stayed pending the outcome of the Briggs and Trane litigation. No decision had been reached in those cases at the time this report was prepared.

OAC Operating Units

The Office of Antiboycott Compliance (OAC) is composed of the Enforcement Division and the Compliance Policy Division, both of which report to the OAC Director.

Enforcement Division

The Enforcement Division is responsible for implementing the investigative and enforcement functions of the Office. These include:

- Investigating potential violations;
- Conducting compliance reviews;
- Negotiating settlements;
- Preparing settlement documentation and charging letters initiating administrative proceedings;

- Preparing cases for referral to the Office of General Counsel for litigation; and
- Assisting the Office of General Counsel in litigation of charges brought under the antiboycott provisions of the Act.

Compliance Policy Division

The Compliance Policy Division is responsible for developing and coordinating policies and initiatives to promote compliance with the antiboycott policies and requirements of the Export Administration Act. This includes:

- preparing amendments, interpretations, and clarifications of the regulations;
- reviewing international boycott activity through communication with overseas posts;
- developing public education programs to assist U.S. companies in complying with the regulations;
- reviewing enforcement actions to ensure consistency with policy guidelines;
- processing all boycott reports filed with the Department; and
- supervising the informal telephone advice provided by OAC professionals during the year to members of the public.

The Report Processing Unit of the Compliance Policy Division processed 21,570 boycott reports received by OAC during 1984. Document examiners review each report for completeness and accuracy, code the type of request received and refer any potential violations to the Enforcement Division. The reports themselves are promptly placed on public display, while all data extracted from the reports are analyzed and collated by the Report Processing Unit and entered into the Unit's computer system to be organized and compiled for use in OAC investigations and for senior management briefings on international boycott activity. The tables at the end of this chapter show the nature and extent of boycott requests reported for this year.

Enforcement Activities

OAC's enforcement activities in FY 1984 surpassed the previous year's levels for numbers of settlements and total civil penalties imposed. Four of the settled cases involved civil penalties of over $100,000 each and the Office continued to deny export privileges as a sanction in appropriate cases.

Cases Completed

A total of 226 investigations were completed by OAC in FY 1984. Of that total, 65 resulted in settlements. In addition, 6 charging letters were issued, alleging violations of the law and commencing proceedings before the Department's Administrative Law Judge. The Enforcement Division closed 46 investigations by the issuance of warning letters and 26 by the issuance of non-public notice letters. In the remaining 89 investigations, no violations were found and the cases were closed.

Reporting Rules Enforced

The Report Processing Unit continued its scrutiny of compliance with the reporting rules. It issued approximately 698 letters to individuals and companies notifying them that OAC records indicated that they had failed to report the receipt of boycott-related requests. The Unit also sent out 109 letters notifying companies and individuals of apparent late reporting. In situations where firms had previously received such notice letters or appeared to have received a significant number of boycott requests, OAC sent warning letters, 258 for non-reporting and 8 for late reporting. Finally, 8 warning letters were issued to firms which appeared to have committed violations of other portions of the regulations.

Consent Agreements and Penalties Imposed

A substantial portion of the OAC investigations which indicated the occurrence of a violation are resolved through settlement. The consent agreements used as the vehicle for these settlements continue to be an important enforcement tool for the Office. These agreements generally provide for the payment of civil penalties, improvements in compliance programs, and periodic reporting to the Director of OAC on the settling party's compliance with the law.

Civil penalties imposed as a result of consent agreements totalled $1,647,500 in FY 1984, compared to $1,378,750 in FY 1983 and $548,750 in FY 1982. Of this amount, $1,520,500 was imposed in settlements occurring prior to the issuance of any charging letter and $127,000 after the issuance of charging letters. Four of the settlements occurring prior to the issuance of charging letters were with major U.S. banks and corporations and called for civil penalty payments in excess of $100,000. In two of these cases certain of the export privileges of the respondents were denied. In addition, 22 of the settlements were based on apparent reporting violations identified through a cross-check of reporting information maintained by OAC. These settlements resulted in the payment of total civil penalties of $215,000. Some of OAC's most significant consent agreements are summarized below:

- International Harvester Co., the Chicago manufacturer of trucks and farm equipment, agreed to settle with the Department for allegedly furnishing 57 items of prohibited business information, allegedly refusing to do business with Israel by agreeing to comply with Syrian boycott rules, and allegedly failing to report promptly receipt of four boycott requests. The civil penalty was $104,000.

- Deere & Co., the Moline, Illinois manufacturer of farm equipment, agreed to pay a civil penalty of $109,000 for allegedly furnishing 109 items of information about its business relations with Israel. The certifications were made through Deere's parts distribution center in Mannheim, West Germany.
- Johnson Controls, Inc., a Milwaukee manufacturer of equipment control systems, agreed to pay a civil penalty of $168,000 for allegedly furnishing 68 items of prohibited information about its business relationships with Israel, allegedly agreeing to refuse to do business with blacklisted vessels and allegedly failing to report promptly 52 receipts of boycott requests. The alleged violations occurred directly and through foreign subsidiaries.
- Carrier International Corp., a Syracuse, N.Y. manufacturer of interior climate control equipment, agreed to pay a civil penalty of $55,500 for 111 alleged failures to report promptly receipt of boycott requests.
- King Trading Corp., a Jerico, N.Y. exporter of automotive parts, agreed to pay a civil penalty of $69,500 and to accept a six-month denial of its export privileges to Syria and Iraq. King's penalty was suspended for one year and will not be collected if the company remains in compliance with the law during that period. King allegedly furnished 27 items of information about its business relations with Israel and blacklisted persons in an effort to affect its status with respect to blacklists maintained by Syria and Iraq.
- C.S. Green & Co., a New York City freight forwarder, agreed to pay a civil penalty of $45,000 and to accept a one year denial of certain of its export privileges to Kuwait. The penalties were assessed because Greene allegedly furnished information to a Kuwaiti purchaser about a customer's business relations with blacklisted persons on 15 occasions. This is the second subsidiary of Greene International, Inc., that has settled with the Department for furnishing prohibited business information.
- The OAC reached consent agreements with five banks during the year involving total civil penalties of $475,000. The banks were: Bankamerica International; Mellon Bank International; Mellon Bank, N.A.; Fleet National Bank; and Fleet International Bank.

Charging Letters Issued

During FY 1984, OAC issued six charging letters to companies alleging violations of the antiboycott law.

Prior to the issuance of a charging letter, the Office first conducts discussions with the firm regarding the alleged violations. If the firm and OAC cannot reach an agreement on the nature of the violations and the appropriate amount of penalty, a charging letter is issued. Once OAC issues a charging letter, the Office of General Counsel brings the matter before the Department's Administrative Law Judge (ALJ), who decides the matter and sets a penalty amount if violations are found. Either party may appeal the decision of the ALJ to the Assistant Secretary for Trade Administration, who makes the final decision for the Department. The 6 charging letters are briefly summarized below:

- Fleet National Bank, of Providence, R.I. was charged with failure to report promptly 60 receipts of boycott requests.
- Fleet International Bank, New York City, was charged with paying a letter of credit which contained a prohibited condition and failing to report promptly 105 receipts of boycott requests. Both "Fleet" cases were settled for a total penalty of $109,000, after issuance of the charging letters but prior to any hearing before the Administrative Law Judge.
- U.S. Representative Stewart B. McKinney of Connecticut was charged with furnishing information to Kuwait about a U.S. firm's business relationships with another firm blacklisted by the Arab League countries. The case was settled before presentation to the Administrative Law Judge. Under the settlement, Mr. McKinney, although not admitting he could have been held liable on the charges, joined in a public statement with the Department and the Department withdrew the charges. Included in the public statement is confirmation and acknowledgement that the antiboycott law applies to all U.S. persons, including Congressmen, and that it cannot be circumvented by using a Member of Congress as a channel for otherwise prohibited communications, including furnishing publicly available information in boycott-related circumstances.
- Airborne Freight Corp. of Seattle, was charged with furnishing information that certain goods which were shipped to Kuwait were not of Israeli origin. The alleged violation occurred during the period of an outstanding order entered against Airborne on August 2, 1982, for allegedly furnishing a similar certificate to Abu Dhabi and allegedly failing to report its receipt of that request.
- Intraco Corp., a Southfield, Michigan automotive parts exporter, was charged with failure to report 49 receipts of boycott related requests.
- Bunker Ramo-Eltra Corp., a Connecticut manufacturing firm, was charged with furnishing 114 items of prohibited business information and 6 items of prohibited information concerning other persons' associations with charitable and fraternal organizations which support Israel. The information was allegedly furnished to the Central Boycott Office in Syria, seeking to obtain the removal of Eltra's name from the Arab Blacklist. Eltra subsequently merged with Bunker Ramo.

Other Charging Letters

Seven enforcement actions, based on charging letters issued in prior years, were pending at the beginning of FY 1984. Two of these were resolved during the year by the payment of civil penalties and five remain pending either at the Departmental level or in the Federal courts.

Of the four charging letters issued during FY 1983, those naming AME International, Inc., and Morgan Power Apparatus Corp. were resolved by the payment of civil penalties of $17,000 and $1,000 respectively. The other two cases, involving Pennie & Edmonds and General Time Corporation, remained unresolved at the end of FY 1984.

In the only charging letter issued in FY 1982 which is still pending, naming Henry Stern & Co. as respondent, the Assistant Secretary for Trade Administration of the Commerce Department reversed the ALJ's ruling that the statute of limitations could not be complied with in the proceeding and remanded the case for further proceedings.

Two actions based on charging letters issued during FY 1981 remained unsettled during FY 1984. In the action against Core Laboratories, Inc., the Department sued Core in federal court to collect the $81,300 in civil penalties assessed against Core. Core resisted on the grounds that the statute of limitations applicable to the proceeding had run. The court dismissed the Government's complaint without opinion and the Government is appealing. In the second case, against Robert E. Meyer, Esq., the Assistant Secretary for Trade Administration upheld the Administrative Law Judge's decision on appeal and ordered Meyer to pay the $5,000 penalty.

A summary of enforcement activity by the Office is set forth below:

Company Name	Date Order Signed	Violations	Penalty
Deere & Co. Moline, IL	10/20/83	109 violations: 369.2(d) (furnished prohibited information)	$109,000
C.S. Greene Chicago, IL	10/31/83	15 violations: 369.2(d) (furnished prohibited information)	45,000 and 1 year denial of export privileges to Kuwait
Square D Co. Palatine, IL	11/2/83	25 violations: 1—369.2(a) (agreed to refuse to do business) 9—369.2(d) (furnished prohibited information) 15—369.6 (failure to report in a timely manner)	19,500
Fleet National Bank Providence, RI	12/83	60 violations: 369.6 (failure to report in a timely manner)	Charged 4/27/84 Settled 40,500
Fleet International Bank New York, NY	12/83	106 violations: 1—369.2(f) (implementing letter of credit containing prohibited condition) 105—369.6 (failure to report in a timely manner)	Charged 4/27/84 Settled 68,500
BDP International Philadelphia, PA	12/12/83	15 violations: 2—369.2(d) (furnished prohibited information) 13—369.6 (failure to report in a timely manner)	9,500
Dresser Industries Dallas, TX	12/19/83	22 violations: 369.6 (failure to report in a timely manner)	11,000

Company Name	Date Order Signed	Violations	Penalty
Central Engineering International Minneapolis, MN	1/5/84	9 violations: 1—369.2(a) (agreed to refuse to do business with or in a boycotted country or with nationals or residents of a boycotted country) 8--369.2(d) (furnished prohibited information)	17,000
Schenkers, Int'l. New York, NY	1/9/84	20 violations: 8–369.2(d) (furnished prohibited information) 12–369.6 (failure to report in a timely manner)	17,500
Alberto-Culver Melrose, IL	2/1/84	7 violations: 369.2(d) (furnished prohibited information)	3,500
Simplex Time Recorder Gardner, MA	2/9/84	30 violations: 26--369.2(d) (negative certificates of origin and furnishing information about another person's blacklist status) 4--369.6 (failure to report in a timely manner)	54,500
Horizon Industries Calhoun, GA	2/14/84	41 violations: 369.6 (failure to report)	29,500

Company Name	Date Order Signed	Violations	Penalty
Representative Stewart B. McKinney Stamford, CT	2/16/84	1 violation: 369.2(d) (furnishing prohibited information about a U.S. firm's business relationships with a blacklisted firm)	Charged (Charging letter withdrawn 8/3/84)
Hoegh Lines New York, NY	2/24/84	23 violations: 369.6 (failure to report in a timely manner)	12,000
LaFrance Equipment Elmira, NY	3/9/84	12 violations: 369.6 (failure to report)	12,000
Airborne Freight Seattle, WA	3/9/84	1 violation: 369.2(d) (furnished prohibited information about another person's business relationships with or in a boycotted country)	Charged; (On 5/25/84 case was dismissed by ALJ; 7/13/84 Dept. appealed)
Mellon Bank International New York, NY	3/14/84	190 violations: 369.6 (failure to report in a timely manner)	270,000
Mellon Bank N.A. Pittsburgh, PA	3/14/84	19 violations: 369.6 (failure to report in a timely manner)	13,500
L.A. Marsha Company, Inc. Columbia, SC	3/27/84	9 violations: 369.6 (failure to report in a timely manner)	4,500

Company Name	Date Order Signed	Violations	Penalty
Kraemer Merchantile Corp. New York, NY	3/27/84	15 violations: 369.6 (failure to report)	12,500
Koehring Co. Brookville, WI	3/27/84	11 violations: 1—369.2(a) (agreed to refuse to do business) 1—369.2(b) (agreement to discriminate against United States persons) 9—369.6 (failure to report in a timely manner)	12,500
Loctite, Inc. Newington, CT	3/27/84	7 violations: 369.2(d) (furnished prohibited information about its business relationships with or in a boycotted country and information about vessels blacklisted by the Arab League)	20,500
Smith Valve International Inc. Westboro, MA	4/5/84	14 violations: 5—369.2(d) (furnishing prohibited information about its business relationships with or in a boycotted country) 9—369.6 (failure to report)	14,500
American Climate Control Woodbridge, NJ	4/6/84	1 violation: 369.2(a) (agreed to refuse to do business by complying with Syrian boycott regulations)	3,000
Bankamerica San Francisco, CA	4/6/84	55 violations: 369.6 (failure to report in a timely manner)	82,500

Company Name	Date Order Signed	Violations	Penalty
Fakir Int'l. Inc. Brooklyn, NY	4/16/84	12 violations: 369.6 (failure to report in a timely manner)	6,000
Richardson-Vicks, Inc. Wilton, CT	5/4/84	6 violations: 369.2(d) (furnished information about its business relationships with a boycotted country through a questionnaire)	13,000
Export Agencies Freeport, NY	5/8/84	50 violations: 369.6 (failure to report)	32,000
Intraco, Corp. Southfield, MI	5/11/84	49 violations: 369.6 (failure to report)	Charged
Energy, Int'l. Troy, MI	5/17/84	18 violations: 369.6 (failure to report in a timely manner)	12,000
Filtrine Mfg. Harrisville, NH	5/18/84	10 violations: 369.6 (failure to report in a timely manner)	14,000
King Trading Jericho, NY	5/21/84	29 violations: 27—369.2(d) (furnished information about the its business relationships with boycotted countries or blacklisted persons) 2—369.6 (failure to report)	69,500 6-month denial of export privileges to Syria and Iraq
Basic Foods, Int'l. Hollywood, FL	6/4/84	19 violations: 369.6 (15—failure to report) (4—failure to report in a timely manner)	9,500

Company Name	Date Order Signed	Violations	Penalty
American Pharmaceutical, Co. Passaic, NJ	6/20/84	10 violations: 369.6 (failure to report in a timely manner)	5,500
Teledyne Analytical Instruments Co. City of Industry, CA	6/20/84	3 violations: 1—369.2(a) agreed to refuse to do business with blacklisted vessels) 2—369.6 (failure to report in a timely manner)	3,500
Teledyne Sprague Engineering Gardenia, CA	6/20/84	5 violations: 1—369.2(d) (furnished information about its business relationship with boycotted countries or blacklisted persons) 4—369.6 (failure to report in a timely manner)	3,500
Express Foods Co., Inc. (successor to Dry Milk, Inc.) Louisville, KY	6/20/84	11 violations: 369.6 (failure to report in a timely manner)	6,000
Dumas International Commerce, OK	6/20/84	12 violations: 3—369.2(a) (agreed to refuse to do business) 7—369.2(d) (furnished prohibited information) 2—369.6 (failure to report in a timely manner)	15,500
Osman-Omar, Inc. Stamford, CT	6/20/84	13 violations: 369.6 (failure to report in a timely manner)	6,500

Company Name	Date Order Signed	Violations	Penalty
International Harvester, Co. Chicago, IL	6/20/84	106 violations: 57—369.2(d) (furnished prohibited information) 45—369.2(a) (agreed to refuse to do business with a boycotted country) 4—369.6 (failure to report in a timely manner)	104,000
Meridien Marketing, Corp. New York, NY	6/20/84	20 violations: 369.6 (failure to report in a timely manner)	10,000
Freight Base, Inc. Houston, TX	6/20/84	16 violations: 10—369.2(d) (furnished prohibited information) 6—369.6 (failure to report in a timely manner)	12,000
IMED, S.A. Switzerland	6/21/84	8 violations: 1—369.2(a) (agreed to refuse to do business) 4—369.2(d) (furnished prohibited information) 3—369.6 (failure to report in a timely manner)	8,650
IMED, Ltd. United Kingdom	6/21/84	1 violations: 369.2(d) (furnished prohibited information)	850
Alloy International Chicago, IL	7/9/84	13 violations: 369.6 (failure to report in a timely manner)	15,500
Celotex Corp. Tampa, FL	7/9/84	7 violations: 1—369.2(a) (agreed to refuse to do business by complying with boycott regulations of a boycotting country) 6—369.2(d) (furnished prohibited information)	7,500

Company Name	Date Order Signed	Violations	Penalty
Zanontian and Sons Import-Export Corp. Fresno, CA	7/9/84	16 violations: 369.6 (failure to report)	9,000
Bruhall International, Corp. Rumson, NJ	7/9/84	8 violations: 369.6 (failure to report)	11,000
McGraw-Hill, Inc. New York, NY	7/11/84	14 violations: 1—369.2(d) (furnished prohibited information) 13—369.6 (failure to report in a timely manner)	10,500
Yesco Trading Co., Ltd. New York, NY	7/19/84	11 violations: 369.6 (failure to report)	6,500
Tradeway International, Corp. New York, NY	7/19/84	11 violations: 369.6 (failure to report)	11,500
Fiatallis North America, Inc. Carol Stream, IL	7/19/84	10 violations: 4—369.2(d) (furnished prohibited information) 6—369.6 (failure to report in a timely manner)	14,000
Ortiz Superior Enterprises, Corp. Key Biscayne, FL	7/20/84	5 violations: 369.6 (failure to report)	7,500
Carrier International, Corp. Syracuse, NY	7/27/84	111 violations: 369.6 (failure to report in a timely manner)	55,500

Company Name	Date Order Signed	Violations	Penalty
Bunker Ramo-Eltra, Corp. Trumbull, CT	8/15/84	120 violations: 369.2(d) and 2(e) (furnished prohibited information)	Charged
GEM Forwarding, Corp. New York, NY	8/20/84	17 violations: 1—369.2(d) (furnished prohibited information) 16—369.6 (failure to report)	9,000
Racquette Sales Greenvale, NY	8/20/84	9 violations: 369.6 (failure to report)	4,500
Fred Sonneberg Sales, Corp. New York, NY	9/6/84	10 violations: 369.6 (failure to report)	8,000
Magdex International, Corp. Drexel Hill, PA	9/6/84	20 violations: 369.6 (failure to report)	16,000
Harrington and Co., Inc. Miami, FL	9/6/84	15 violations: 369.6 (failure to report in a timely manner)	8,500
Argus Sales, Corp. New York, NY	9/12/84	6 violations: 369.6 (failure to report)	8,000
Services International, Inc. Dalton, GA	9/14/84	11 violations: 369.6 (failure to report in a timely manner)	5,500
Enterprise Shipping, Corp. San Francisco, CA	9/14/84	14 violations: 1—369.2(d) (furnished prohibited information) 13—369.6 (failure to report in a timely manner)	10,500

Company Name	Date Order Signed	Violations	Penalty
Johnson Controls, Inc. Milwaukee, WI	6/26/84	120 violations: 68—369.2(d) (furnished prohibited information) 52—369.6 (failure to report in a timely manner)	168,000
Parker Hannifin Cleveland, OH	9/26/84	31 violations: 369.6 (failure to report)	28,000

FY 1984 Totals:

Civil Penalties—$1,647,500
Number of Settlements—65
Companies Charged—6

Policy Implementation

In FY 1984, OAC accomplished several key objectives relating to its compliance policy responsibilities under the antiboycott law. The Office's principal policy goal for the year was to improve public understanding of the antiboycott law and its application to the activities of U.S. businesses. Progress toward this goal was accomplished through a number of inter-related activities of the Compliance Policy Division.

The Policy Division provided written guidance concerning the impact of the law through several mechanisms. It provided formal guidance concerning the regulations by the issuance of written interpretations, published in the Federal Register, detailing the application of the law in factual situations important to U.S. companies doing business in the Middle East. The interpretations published in FY 1984 are summarized below:

- Supplement 10, published on November 17, 1983, discussed the application of the antiboycott regulations to three frequently received directives or instructions appearing in letters of credit and/or shipping/sale documents.
- Supplement 11, published on December 21, 1983 clarified the reportability of an unsolicited invitation to bid or similar proposal which contains a boycott term or condition to which the recipient is not specifically required to respond.
- Supplement 12, published on April 16, 1984 outlined the application of the antiboycott regulations to a commercial agent registration requirement adopted by the Ministry of Commerce of Saudi Arabia.

On a more informal level, OAC officials participated in meetings around the country, discussing virtually every aspect of the law and seeking to increase public awareness and understanding of its provisions. Presentations were made at programs sponsored by the World Trade Institute, the American Management Association, and many other regional, trade and professional associations, as well as at meetings sponsored by ITA District Offices. Presentations included specialized reviews on letter of credit transactions, updates on OAC enforcement efforts and detailed reviews of the regulatory scheme for exporters. Finally, OAC communicated with the regulated public through "Antiboycott Update Notes," published regularly in the Export Administration Bulletin. These "Notes" cover a wide variety of topics, ranging from Office structure and management to policy and enforcement issues of current interest.

The Policy Division also attempted to provide guidance to individuals and companies facing specific compliance questions. The Office operated a telephone advisory service to the international trade community, offering informal advice concerning the interpretation and application of the regulations. This service, which handled more than 3,000 calls during FY 1984, also provided OAC with useful information concerning new developments in international boycott activity and questions warranting the issuance of written interpretations. Individuals and companies sometimes met with OAC and the Commerce Department's Office of the Near East to discuss in detail the prospective application of the regulations to various practical situations facing them.

In addition to its efforts to provide guidance concerning the law, the Policy Division collected information concerning international boycott activities from various sources. As noted, these contacts with the regulated public frequently provided information concerning new developments in foreign boycott activity. OAC also maintained contact with U.S. embassies abroad and with the Foreign Service and Foreign Commercial Service personnel in those foreign posts who were knowledgeable about foreign boycott activities. OAC briefed personnel en route to foreign posts and also hosted a series of regular meetings with representatives from the State and Treasury Departments and other agencies concerned with boycott issues.

Finally, the Policy Division has continued to seek more efficient ways to manage the report processing system. During FY 1984, as noted previously, OAC used the reporting data to help identify potential violations of the law in several areas. OAC's increasingly efficient use of this data enabled it to enhance its overall enforcement capability without the need for additional resources.

Summary of Boycott Reports

The antiboycott provisions of the EAA require U.S. persons to report to the Department of Commerce requests they receive to comply with, further, or support unsanctioned foreign boycotts. The reports filed by U.S. persons contain information concerning both the request and the transaction(s) to which the request relates. The transactions referred to, in this context, are specific business activities generally involving documents such as invitations to bid, contracts, export shipment documents and letters of credit. The transactions involve requests to take specific boycott-based action such as responding to a questionnaire, furnishing information about business relations with a boycotted country, taking discriminatory actions or refusing to do business with a blacklisted firm or boycotted country.

In interpreting the data presented here, it is important to keep several factors in mind. First, the number of reported transactions will be fewer than the number of reported requests because transactions frequently will involve more than one boycott request. Second, the number of both transactions and requests (as well as the value of the transactions) is somewhat inflated because boycott reports are frequently filed by each of several parties to the same transaction.

Subject to these caveats, the data indicate that the number of firms reporting the receipt of boycott requests has somewhat increased, while the number of requests and transactions have dropped markedly. At the same time, the value of the transactions has risen sharply. The increase in reporting entities may be due to increased corporate awareness of reporting obligations or to a rise in the number of firms doing business with the Middle East. The increase in the value of reported transactions appears to be, at least in part, the result of multiple reporting of large projects. The decline in the number of requests (and transactions) is more difficult to analyze, appearing to result from an earlier lightening of reporting requirements and a sharp decline in the reporting of some finance-related requests.

The number of boycott requests reported in FY 1984 dropped significantly from FY 1983 levels. The number of requests reflected in Table 1 is approximately 39 percent lower than the previous year's total and the actual decrease is somewhat larger since this year's data includes categories of requests not included in the FY 1983 tables. The most significant decline occurred in requests reported by banks, which decreased approximately 38 percent.

The number of persons reporting requests increased slightly in FY 1984, rising approximately 2 percent from the FY 1983 level. Increases in the number of reporting exporters, bankers and others were partially offset by a decrease in the number of reporting forwarders. The latter decrease appears to be the result of a regulatory interpretation published in FY 1983, decreasing the reporting levels of forwarders generally. Exporters continued to be the principal category of reporters, constituting approximately 85 percent of the reporting entities in FY 1984.

Kuwait was once again the principal country from which boycott requests originated, although both the number of requests and its percentage of total requests dropped sharply. Total requests dropped from 24,353 to 7,970. The number of requests originating from Iraq reflects the only significant increase among the specified countries rising from 1,642 to 2,162. Significant decreases also occurred in the number of requests originating in Qatar and the United Arab Emirates.

Of the total number of boycott requests reported, approximately 31 percent were complied with by the reporting persons. This percentage has fluctuated in the past 2 years, moving from 46 percent in FY 1982 to 19 percent in FY 1983 and appears to be more a function of the types of requests encountered by the reporting persons than a reflection of their policies toward foreign boycotts. A possibly more significant item of information concerns requests with which compliance is prohibited under the antiboycott law. The rate of reported compliance with such requests has shown a continuing decline from 4 percent in FY 1982 to 3.8 percent in FY 1983 and 2.5 percent in FY 1984.

TABLE 7-1.—Number of Individual Firms, Transactions, Requesting Documents, and Restrictive Trade Practices by Firm Type—FY 1984

All Transactions (Summary Totals)

Item	Exporter	Bank	Forwarder	Carrier	Insurer	Other[1]	Total[2]
Individual Firms Reporting	1,824	186	97	5	3	40	2,155
Transactions Reported	8,726	10,259	298	21	3	301	19,608
Requesting Documents Involved	8,727	10,259	298	21	3	301	19,609
Restrictive Trade Practices Requested[3]	10,484	10,407	341	24	3	311	21,570

Decision on Request	No.	$(000)	No.	$(000)	No.	$(000)	No.	$(000)	No.	$(000)	No.	$(000)	No.	$(000)
A. All Transactions														
Take Action	2,300	3,019,329	3,518	198,472	195	10,146	16	197,180	1	0	136	153,323	6,166	3,578,450
Refuse	6,403	17,040,622	6,741	61,351	103	5,190	5	14,180	2	4,786	164	995,575	13,418	18,121,705
Undecided	23	23,273	0	0	0	0	0	0	0	0	1	2,000	24	25,273
Total[4]	8,726	20,083,223	10,259	259,823[7]	298	15,336	21	211,360	3	4,786	301	1,150,898	19,608	21,725,427
B. Prohibited														
Take Action	75	1,527	14	411	3	6	0	0	0	0	0	0	92	1,943
Refuse	3,524	11,156,911	98	7,562	21	768	3	8	1	4,786	62	530,438	3,709[8]	11,700,475
Undecided	19	23,245	0	0	0	0	0	0	0	0	1	2,000	20	25,245
Total[4]	3,618	11,181,683	112	7,973	24	774	3	8	1	4,786	63	532,438	3,821	11,727,662
C. Prohibited as First Received, but Amended[6]														
Take Action	5	296	27	3,373	0	0	0	0	0	0	2	58	34	3,727
Refuse	189	93,703	184	17,999	11	1,128	0	0	0	0	0	0	394	112,830
Undecided	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total[4]	194	93,999	211	21,373	11	1,128	0	0	0	0	2	58	418	116,557

TABLE 7-1.—Number of Individual Firms, Transactions, Requesting Documents, and Restrictive Trade Practices by Firm Type—FY 1984-con.

All Transactions (Summary Totals)

	Exporter		Bank		Forwarder		Carrier		Insurer		Other[1]		Total[2]	
Decision on Request	No.	$(000)	No.	$(000)	No.	$(000)	No.	$(000)	No.	$(000)	No.	$(000)	No.	$(000)
D. Exceptions to Prohibited														
Take Action	1,818	2,846,361	2,651	148,180	112	3,936	16	197,180	0	0	117	152,465	4,714	3,348,122
Refuse	1,707	5,477,459	98	5,012	57	1,696	1	14,159	0	0	93	100,281	1,956	5,598,607
Undecided	2	0	0	0	0	0	0	0	0	0	0	0	2	0
Total[4]	3,527	8,323,820	2,749	153,192	169	5,632	17	211,339	0	0	210	252,747	6,672	8,946,729
E. Not Prohibited														
Take Action	402	171,145	826	46,506	80	6,204	0	0	1	0	17	800	1,326	224,657
Refuse	983	312,548	6,361	30,778	14	1,598	1	13	1	0	9	364,855	7,369	709,793
Undecided	2	28	0	0	0	0	0	0	0	0	0	0	2	28
Total[4]	1,387	483,722	7,187	77,285	94	7,802	1	13	2	0	26	365,655	8,697	934,478

[1] Includes but not limited to law firms, consulting firms, and general contractors.

[2] Totals, other than number of firms reporting, are enhanced to the extent that an exporter and one or more service related organizations report on the same transaction.

[3] Two or more types of restrictive trade practice requests are often reported in connection with one transaction.

[4] Dollar values may not add due to rounding.

[5] This figure does not represent business lost due to refusals with boycott requests. Instead it indicates that U.S. companies refused to comply with the boycott request in bidding on contracts totalling this amount. The boycott language is often revised or eliminated to allow U.S. companies to bid consistent with U.S. law. Such revisions are not reflected in these statistics.

[6] Transactions in this table are characterized as "take action" or "refuse" in terms of action reported on the original request.

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TABLE 7-2.—Number of Restrictive Trade Practices by Firm Type and Type of Practice—FY 1984
All Transactions

Restrictive Trade Practice	Exporter	Bank	Forwarder	Carrier	Insurer	Other[1]	Total[2]
A Carrier	1,318	188	103	2	0	25	1,636
B MFG/Vendor/Buyer	1,654	133	28	2	0	11	1,838
C Insurance	80	17	7	0	2	0	106
D Finance	74	6,953	0	0	0	1	7,028
E Origin of Goods	5,423	3,077	199	2	0	214	8,915
F Marked Goods/Packaging	2	0	0	0	0	0	2
G War Reparations	19	1	1	0	0	0	21
H Observe Boycott Laws	747	6	0	0	1	11	765
I Race/Relig/Sex/Origin	22	1	0	0	0	1	24
J Relations W/Boycotted Country	534	22	1	2	0	27	586
K Risk of Loss	0	0	0	0	0	0	0
L Destination of Goods	352	0	0	16	0	16	384
M Other Restrictive	249	9	2	0	0	5	265
Total	10,484	10,407	341	24	3	311	21,570

[1] Includes but not limited to law firms, consulting firms, and general contractors.

[2] Totals are enhanced to the extent that an exporter and one or more service related organizations report on the same transaction.

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TABLE 7-3.—Number[1] of Restrictive Trade Practices By Originating Country and Type of Practice—FY 1984

Restrictive Trade Practice	Bahrain	Egypt	Iraq	Jordan	Kuwait	Lebanon	Libya	Qatar	Saudi Arabia	Syria	UAE[2]	Other[3]	21,570	%[4]
A Carrier	99	61	241	56	465	77	52	52	171	29	223	110	1,636	8
B MFG/Vendor/Buyer	57	2	584	26	519	6	96	19	265	52	143	69	1,838	9
C Insurance	22	1	0	5	2	2	1	5	41	0	26	1	106	0
D Finance	10	0	433	2	1,080	2	3	330	11	0	627	4,530	7,028	33
E Origin of Goods	114	10	712	187	5,771	17	232	108	619	135	401	609	8,915	41
F Marked Goods/Packaging	0	0	1	0	1	0	0	0	0	0	0	0	2	0
G War Reparations	1	1	0	1	1	0	3	0	7	5	2	0	21	0
H Observe Boycott Laws	15	0	30	10	64	0	73	52	100	272	115	34	765	4
I Race/Relig/Sex/Origin	0	1	1	0	7	0	3	0	9	0	0	3	24	0
J Relations W/Boycotted Country	6	6	142	3	24	3	58	3	116	122	45	58	586	3
K Risk of Loss	0	0	0	0	0	0	0	0	0	0	0	0	0	0
L Destination of Goods	7	0	1	0	5	0	9	8	70	3	48	233	384	1
M Other Restrictive	7	0	17	6	31	1	52	9	99	5	18	20	265	1
Total	338	82	2,162	296	7,970	108	582	586	1,508	623	1,648	5,667	21,570	100

[1] All figures are enhanced to the extent that an exporter and one or more service organizations report on the same transaction.

[2] Includes Abu Dhabi, Sharjah, Ajman, Umm Al-Qaiwan, Ra's Al-Khaimah and Fujairah.

[3] Includes Algeria, Djibouti, India, Iran, Mauritania, Malaysia, Nigeria, Oman, Pakistan, Somalia. Sudan, Tunisia, Yemen Arab Republic, and the People's Democratic Republic of Yemen.

[4] Percentages may not add due to rounding.

TABLE 7-4.—Number[1] of Requesting Documents By Originating Country and Type of Document—FY 1984

	Restrictive Trade Practice	Bahrain	Egypt	Iraq	Jordan	Kuwait	Lebanon	Libya	Qatar	Saudi Arabia	Syria	UAE[2]	Other[3]	No.	%[4]
A	Bid/Tender/Proposal	24	24	205	42	454	7	45	60	395	196	200	315	2,067	10
B	Carrier B/List Request	0	0	1	0	0	0	0	0	9	0	0	1	11	0
C	Letter of Credit	126	15	451	166	5,322	81	70	91	234	136	320	243	7,255	37
D	Questionaire	3	1	21	2	15	0	4	2	50	64	10	7	179	0
E	Req' N/Purchase Order	92	34	322	50	586	8	239	62	417	36	212	247	2,305	12
F	Unwritten NOP	0	0	3	2	3	1	1	4	21	0	6	6	47	0
G	Other Written	36	3	509	15	1,124	4	14	343	149	37	713	4,798	7,745	39
	Total	281	77	1,512	277	7,504	101	373	562	1,275	569	1,461	5,617	19,609	100

[1] All figures are enhanced to the extent that an exporter and one or more service organizations report on the same transaction.

[2] Includes Abu Dhabi, Sharjah, Ajman, Umm Al Qaiwan, Ra's Al-Khaimah and Fujairah.

[3] Includes Algeria, Djibouti, India, Iran, Mauritania, Malaysia, Nigeria, Oman, Pakistan, Somalia, Sudan, Tunisia, Yemen Arab Republic, and the People's Democratic Republic of Yemen.

[4] Percentages may not add due to rounding.

TABLE 7-5.—Number and Value of Exporter Transactions by Originating Country and Decision on Request[1]—FY 1984

A. All Transactions

	Bahrain		Egypt		Iraq		Jordan		Kuwait		Lebanon		Libya	
Decision on Request	No.	$(000)	No.	$(000)	No.	$(000)	No.	$(000)	No.	$(000)	No.	$(000)	No.	$(000)
Take Action	69	6,659	0	0	36	30,397	10	9,525	1,554	144,821	5	58	14	220,273
Refuse	158	37,317	70	13,906	900	1,116,007	202	19,676	1,899	560,244	44	8,904	331	2,578,936
Undecided	0	0	1	28	3	2,004	2	0	1	1,829	0	0	1	20
Total[3]	227	43.976	71	13,934	941	1,148,408	214	29,201	3,454	706,894	49	8,961	346	2,799,229

	Qatar		Saudi Arabia		Syria		U A E[2]		Other[4]		Total	
Decision on Request	No.	$(000)	No.	$(000)	No.	$(000)	No.	$(000)	No.	$(000)	No.	$(000)
Take Action	60	1,689	252	1,599,572	6	525	167	633,215	125	372,596	2,300	3,019,329
Refuse	158	41,838	848	4,631,411	442	279,792	538	6,050,227	813	1,702,362	6,403	17,040,622
Undecided	0	0	2	0	10	5,619	1	23	2	13,750	23	23,273
Total[3]	218	43,527	1,102	6,230,983	458	285,936	706	6,683,465	940	2,088,708	8,726	20,083,223

B. Prohibited

	Bahrain		Egypt		Iraq		Jordan		Kuwait		Lebanon		Libya	
Decision on Request	No.	$(000)	No.	$(000)	No.	$(000)	No.	$(000)	No.	$(000)	No.	$(000)	No.	$(000)
Take Action	13	45	0	0	3	26	0	0	9	121	0	0	1	250
Refuse	108	36,427	27	6,665	803	1,069,053	147	10,920	435	325,557	21	225	243	2,304,496
Undecided	0	0	0	0	2	2,004	2	0	1	1,829	0	0	1	20
Total[3]	121	36,473	27	6,665	808	1,071,083	149	10,920	445	327,507	21	225	245	2,304,766

TABLE 7-5.—Number and Value of Exporter Transactions by Originating Country and Decision on Request[1]—FY 1984

B. Prohibited—con.

Decision on Request	Qatar		Saudi Arabia		Syria		U A E[3]		Other[4]		Total	
	No.	$(000)	No.	$(000)	No.	$(000)	No.	$(000)	No.	$(000)	No.	$(000)
Take Action	2	9	21	146	2	0	11	612	13	319	75	1,527
Refuse	107	7,075	429	1,133,450	407	253,759	367	5,959,724	430	49,561	3,524	11,156,911[6]
Undecided	0	0	0	0	10	5,619	1	23	2	13,750	19	23,245
Total[2]	109	7,084	450	1,133,596	419	259,378	379	5,960,359	445	63,630	3,618	11,181,683

C. Prohibited as First Received, but Amended[5]

Decision on Request	Bahrain		Egypt		Iraq		Jordan		Kuwait		Lebanon		Libya	
	No.	$(000)	No.	$(000)	No.	$(000)	No.	$(000)	No.	$(000)	No.	$(000)	No.	$(000)
Take Action	0	0	0	0	2	160	1	91	1	29	0	0	0	0
Refuse	14	328	0	0	34	3,907	20	2,608	10	338	2	47	14	6,017
Undecided	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total[2]	14	328	0	0	36	4,067	21	2,699	11	367	2	47	14	6,017

Decision on Request	Qatar		Saudi Arabia		Syria		U A E[3]		Other[4]		Total	
	No.	$(000)	No.	$(000)	No.	$(000)	No.	$(000)	No.	$(000)	No.	$(000)
Take Action	0	0	0	0	0	0	1	16	0	0	5	296
Refuse	6	61	34	16,250	6	6,653	34	56,984	15	509	189	93,703
Undecided	0	0	0	0	0	0	0	0	0	0	0	0
Total[2]	6	61	34	16,250	6	6,653	35	57,000	15	509	194	93,999

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TABLE 7-5.—Number and Value of Exporter Transactions by Originating Country and Decision on Request[1]—FY 1984—con.

D. Exceptions to Prohibited

	Bahrain		Egypt		Iraq		Jordan		Kuwait		Lebanon		Libya	
Decision on Request	No.	$(000)	No.	$(000)	No.	$(000)	No.	$(000)	No.	$(000)	No.	$(000)	No.	$(000)
Take Action	6	5,743	0	0	8	3,387	0	0	1,469	85,139	0	0	7	197,649
Refuse	2	180	2	38	8	1,738	5	72	1,132	116,602	0	0	17	220,230
Undecided	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total[3]	8	5,923	2	38	16	5,125	5	72	2,601	201,741	0	0	24	417,879

	Qatar		Saudi Arabia		Syria		U A E[3]		Other[4]		Total	
Decision on Request	No.	$(000)	No.	$(000)	No.	$(000)	No.	$(000)	No.	$(000)	No.	$(000)
Take Action	24	514	173	1,581,469	2	0	52	601,482	77	370,978	1,818	2,846,361
Refuse	12	32,242	175	3,435,534	1	12,683	71	16,239	282	1,641,899	1,737	5,477,459
Undecided	0	0	2	0	0	0	0	0	0	0	2	0
Total[3]	36	32,757	350	5,017,003	3	12,683	123	617,722	359	2,012,877	3,527	8,323,820

TABLE 7-5.—Number and Value of Exporter Transactions by Originating Country and Decision on Request[1]—FY 1984—con.

E. Not Prohibited

	Bahrain		Egypt		Iraq		Jordan		Kuwait		Lebanon		Libya	
Decision on Request	No.	$(000)	No.	$(000)	No.	$(000)	No.	$(000)	No.	$(000)	No.	$(000)	No.	$(000)
Take Action	50	871	0	0	25	26,824	9	9,434	75	59,532	5	58	6	22,374
Refuse	34	382	41	7,202	55	41,309	30	6,076	322	117,746	21	8,631	57	48,194
Undecided	0	0	1	28	1	0	0	0	0	0	0	0	0	0
Total[2]	84	1,253	42	7,230	81	68,133	39	15,510	397	177,279	26	8,689	63	70,568

	Qatar		Saudi Arabia		Syria		U A E[3]		Other[4]		Total	
Decision on Request	No.	$(000)	No.	$(000)	No.	$(000)	No.	$(000)	No.	$(000)	No.	$(000)
Take Action	34	1,166	58	17,957	2	525	103	31,105	35	1,299	402	171,145
Refuse	33	2,460	210	46,178	28	6,698	66	17,280	86	10,392	983	312,548
Undecided	0	0	0	0	0	0	0	0	0	0	2	28
Total[2]	67	3,626	268	64,135	30	7,223	169	48,385	121	11,691	1,387	483,722

[1] Transaction figures and dollar values include bids, tenders and trade opportunities. Such figures may be duplicated and include dollar value for potential transactions that never resulted in a sale..

[2] Dollar values may not add due to rounding.

[3] Includes Abu Dhabi, Sharjah, Ajman, Umm Al-Qaiwan, Ra's Al-Khaimah and Fujairah

[4] Includes Algeria, Djibouti, India, Iran, Mauritania, Malaysia, Nigeria, Oman, Pakistan, Somalia, Sudan, Tunisia, Yemen Arab Republic, and the People's Democratic Republic of Yemen.

[5] This figure does not represent business lost due to refusals with boycott requests. Instead it indicates that U.S. companies refused to comply with the boycott request in bidding on contracts totalling this amount. The boycott language is often revised or eliminated to allow U.S. companies to bid consistent with U.S. law. Such revisions are not reflected in these statistics.

[6] Transactions in this table are characterized as "take action" or "refuse" in terms of action reported on the original request transactions.

TABLE 7-8.—Number of Individual Firms, Transactions, Requesting Documents, and Restrictive Trade Practices by (Controlled-In-Fact) Foreign Subsidiaries FY 1984
All Transactions (Summary Totals)

	United Kingdom	France	West Germany	Netherlands	Belgium	Switzerland	Canada
Individual Firms Reporting	77	6	22	17	8	12	7
Transactions Reported	307	6	84	24	126	47	9
Requesting Documents Involved	307	6	84	24	126	47	9
Restrictive Trade Practices Requested[a]	369	8	124	28	147	67	11

	Italy	Other (Europe)[1]	Other (Arab)[2]	All Other	Total
Individual Firms Reporting	7	17	26	42	427
Transactions Reported	18	100	59	297	2,429
Requesting Documents Involved	18	100	59	297	2,429
Restrictive Trade Practices Requested[a]	33	144	70	329	3,096

[1] Includes Austria, Denmark, Finland, Greece, Liechtenstein, Spain, and Sweden.

[2] Includes Bahrain, Egypt, Iraq, Jordan, Kuwait, Lebanon, Libya, Saudi Arabia, and Syria.

TABLE 7-6.—Number of Individual Exporters, Transactions, Requesting Documents, and Restrictive Trade Practices by (Controlled-In-Fact) Foreign Subsidiaries FY 1984—con.

All Transactions (Summary Totals)

A. All Transactions

Decision on Request	United Kingdom		France		West Germany		Netherlands		Belgium		Switzerland		Canada	
	No.	$(000)	No.	$(000)	No.	$(000)	No.	$(000)	No.	$(000)	No.	$(000)	No.	$(000)
Take Action	22	99,589	0	0	3	331	0	0	0	0	1	30,177	0	0
Refuse	263	576,602	6	329	74	8,084	18	1,863	86	1,144	38	50,610	9	16,843
Undecided	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	285	676,191	6	329	77	8,415	18	1,863	86	1,144	39	80,787	9	16,843

Decision on Request	Italy		Other (Europe)[1]		Other (Arab)[2]		All Other		Total	
	No.	$(000)	No.	$(000)	No.	$(000)	No.	$(000)	No.	$(000)
Take Action	0	0	2	482	12	74,757	20	6,596	60	211,932
Refuse	17	120,318	63	2,275	41	22,126	245	41,809	860	842,003
Undecided	0	0	0	0	1	0	0	0	1	0
Total	17	120,318	65	2,757	54	96,883	265	48,405	921	1,053,935

TABLE 7-6.—Number of Individual Exporters, Transactions, Requesting Documents, and Restrictive Trade Practices by (Controlled-In-Fact) Foreign Subsidiaries FY 1984—con.
All Transactions (Summary Totals)

B. Prohibited

Decision on Request	United Kingdom		France		West Germany		Netherlands		Belgium		Switzerland		Canada	
	No.	$(000)	No.	$(000)	No.	$(000)	No.	$(000)	No.	$(000)	No.	$(000)	No.	$(000)
Take Action	5	186	0	0	0	0	0	0	0	0	0	0	0	0
Refuse	201	463,425	6	329	67	7,989	16	1,851	63	757	21	42,046	3	8,000
Undecided	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	206	463,611	6	329	67	7,989	16	1,851	63	757	21	42,046	3	8,000

Decision on Request	Italy		Other (Europe)[1]		Other (Arab)[2]		All Other		Total	
	No.	$(000)	No.	$(000)	No.	$(000)	No.	$(000)	No.	$(000)
Take Action	0	0	1	250	0	0	14	99	20	535
Refuse	15	120,218	34	1,704	22	13,381	230	35,886	678	695,586
Undecided	0	0	0	0	1	0	0	0	1	0
Total	15	120,218	35	1,954	23	13,381	244	35.985	699	696,121

TABLE 7-6.—Number of Individual Exporters, Transactions, Requesting Documents, and Restrictive Trade Practices by (Controlled-In-Fact) Foreign Subsidiaries FY 1984—con.

All Transactions (Summary Totals)

C. Prohibited as First Received, but Amended

	United Kingdom		France		West Germany		Netherlands		Belgium		Switzerland		Canada	
Decision on Request	No.	$(000)	No.	$(000)	No.	$(000)	No.	$(000)	No.	$(000)	No.	$(000)	No.	$(000)
Take Action	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Refuse	11	114	0	0	1	34	0	0	0	0	6	7,831	0	0
Undecided	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	11	114	0	0	1	34	0	0	0	0	6	7,831	0	0

	Italy		Other (Europe)[1]		Other (Arab)[2]		All Other		Total	
Decision on Request	No.	$(000)	No.	$(000)	No.	$(000)	No.	$(000)	No.	$(000)
Take Action	0	0	0	0	0	0	0	0	0	0
Refuse	0	0	16	348	1	8	2	5,024	37	13,359
Undecided	0	0	0	0	0	0	0	0	0	0
Total	0	0	16	348	1	8	2	5,024	37	13,359

TABLE 7-6.—Number of Individual Exporters, Transactions, Requesting Documents, and Restrictive Trade Practices by (Controlled-In-Fact) Foreign Subsidiaries FY 1981—con.
All Transactions (Summary Totals)

D. Exceptions to Prohibited

Decision on Request	United Kingdom		France		West Germany		Netherlands		Belgium		Switzerland		Canada	
	No.	$(000)	No.	$(000)	No.	$(000)	No.	$(000)	No.	$(000)	No.	$(000)	No.	$(000)
Take Action	6	99,343	0	0	0	0	0	0	0	0	1	30,177	0	0
Refuse	9	112,486	0	0	4	53	1	3	3	103	0	0	3	8,691
Undecided	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	15	211,829	0	0	4	53	1	3	3	103	1	30,177	3	8,691

Decision on Request	Italy		Other (Europe)[1]		Other (Arab)[2]		All Other		Total	
	No.	$(000)	No.	$(000)	No.	$(000)	No.	$(000)	No.	$(000)
Take Action	0	0	0	0	8	74,757	0	0	15	204,277
Refuse	1	100	1	9	10	7,003	6	514	38	128,962
Undecided	0	0	0	0	0	0	0	0	0	0
Total	1	100	1	9	18	81,760	6	514	53	333,239

TABLE 7-8.—Number of Individual Exporters, Transactions, Requesting Documents, and Restrictive Trade Practices by (Controlled-In-Fact) Foreign Subsidiaries FY 1984—con.

All Transactions (Summary Totals)

E. Not Prohibited

Decision on Request	United Kingdom No.	United Kingdom $(000)	France No.	France $(000)	West Germany No.	West Germany $(000)	Netherlands No.	Netherlands $(000)	Belgium No.	Belgium $(000)	Switzerland No.	Switzerland $(000)	Canada No.	Canada $(000)
Take Action	11	60	0	0	3	331	0	0	0	0	0	0	0	0
Refuse	42	576	0	0	2	8	1	9	20	283	11	734	3	152
Undecided	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	53	636	0	0	5	339	1	9	20	283	11	734	3	152

Decision on Request	Italy No.	Italy $(000)	Other (Europe)[1] No.	Other (Europe)[1] $(000)	Other (Arab)[2] No.	Other (Arab)[2] $(000)	All Other No.	All Other $(000)	Total No.	Total $(000)
Take Action	0	0	1	232	4	0	6	6,497	25	7,120
Refuse	1	0	12	215	8	1,734	7	385	107	4,096
Undecided	0	0	0	0	0	0	0	0	0	0
Total	1	0	13	447	12	1,734	13	6,882	132	11,215

[1] Includes Austria, Denmark, Finland, Greece, Liechtenstein, Spain, and Sweden.

[2] Includes Bahrain, Egypt, Iraq, Jordan, Kuwait, Lebanon, Libya, Saudi Arabia, and Syria.

APPENDIX A

Export Administration Act

I. EXPORT ADMINISTRATION ACT OF 1979[1] AS AMENDED BY THE EXPORT ADMINISTRATION ACT OF 1981[2]

AN ACT[3]

To provide authority to regulate exports, to improve the efficiency of export regulation, and to minimize interference with the ability to engage in commerce.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SHORT TITLE

SECTION 1. This Act may be cited as the "Export Administration Act of 1979."

FINDINGS

SEC. 2. The Congress makes the following findings:

(1) The ability of United States citizens to engage in international commerce is a fundamental concern of United States policy.

(2) Exports contribute significantly to the economic well-being of the United States and the stability of the world economy by increasing employment and production in the United States, and by strengthening the trade balance and the value of the United States dollar, thereby reducing inflation. The restriction of exports from the United States can have serious adverse effects on the balance of payments and on domestic employment, particularly when restrictions applied by the United States are more extensive than those imposed by other countries.

(3) It is important for the national interest of the United States that both the private sector and the Federal Government place a high priority on exports, which would strengthen the Nation's economy.

(4) The availability of certain materials at home and abroad varies so that the quantity and composition of United States exports and their distribution among importing countries may affect the welfare of the domestic economy and may have an important bearing upon fulfillment of the foreign policy of the United States.

(5) Exports of goods or technology without regard to whether they make a significant contribution to the military potential of individual countries or combinations of countries may adversely affect the national security of the United States.

(6) Uncertainty of export control policy can curtail the efforts of American business to the detriment of the overall attempt to improve the trade balance of the United States.

(7) Unreasonable restrictions on access to world supplies can cause worldwide political and economic instability, interfere with free international trade, and retard the growth and development of nations.

(8) It is important that the administration of export controls imposed for national security purposes give special emphasis to the need to control exports of technology (and goods which contribute significantly to the transfer of such technology) which could make a significant contribution to the military potential of any country or combination of countries which would be detrimental to the national security of the United States.

(9) Minimization of restrictions on exports of agricultural commodities and products is of critical importance to the maintenance of a sound agricultural sector, to achievement of a positive balance of payments, to reducing the level of Federal expenditures for agricultural support programs, and to United States cooperation in efforts to eliminate malnutrition and world hunger.

DECLARATION OF POLICY

SEC. 3. The Congress makes the following declarations:

(1) It is the policy of the United States to minimize uncertainties in export control policy and to encourage trade with all countries with which the United States has diplomatic or trading relations, except those countries with

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[1] Public Law 96-72, 96th Congress, September 29, 1979. The regulations issued under this legislative authority appear in Title 15, Chapter III, Subchapter C, of the Code of Federal Regulations. Parts 368 to 399, inclusive.

[2] Public Law 97-145, 97th Congress, December 29, 1981.

[3] The authority granted by the Export Administration Act of 1979, as amended, terminated on September 30, 1983 pursuant to Section 20 of the Act. Extensions were enacted by Public Law 98-108, 98th Congress, October 1, 1983; Public Law 98-207, 98th Congress, December 15, 1983; and Public Law 98-222, February 29, 1984. During a lapse in the extension of the Act, the Export Administration Regulations were continued in effect by Executive Order 12444, 48 Fed. Reg. 48215, December 22, 1983, under the authority of the International Emergency Economic Powers Act (IEEPA). The Export Administration Regulations are currently in effect by Executive Order 12470, 49 Fed. Reg. 13099, April 3, 1984, under the authority of IEEPA.

which such trade has been determined by the President to be against the national interest.

(2) It is the policy of the United States to use export controls only after full consideration of the impact on the economy of the United States and only to the extent necessary—

(A) to restrict the export of goods and technology which would make a significant contribution to the military potential of any other country or combination of countries which would prove detrimental to the national security of the United States;

(B) to restrict the export of goods and technology where necessary to further significantly the foreign policy of the United States or to fulfill its declared international obligations; and

(C) to restrict the export of goods where necessary to protect the domestic economy from the excessive drain of scarce materials and to reduce the serious inflationary impact of foreign demand.

(3) It is the policy of the United States (A) to apply any necessary controls to the maximum extent possible in cooperation with all nations, and (B) to encourage observance of a uniform export control policy by all nations with which the United States has defense treaty commitments.

(4) It is the policy of the United States to use its economic resources and trade potential to further the sound growth and stability of its economy as well as to further its national security and foreign policy objectives.

(5) It is the policy of the United States—

(A) to oppose restrictive trade practices or boycotts fostered or imposed by foreign countries against other countries friendly to the United States or against any United States person;

(B) to encourage and, in specified cases, require United States persons engaged in the export of goods or technology or other information to refuse to take actions, including furnishing information or entering into or implementing agreements, which have the effect of furthering or supporting the restrictive trade practices or boycotts fostered or imposed by any foreign country against a country friendly to the United States or against any United States person; and

(C) to foster international cooperation and the development of international rules and institutions to assure reasonable access to world supplies.

(6) It is the policy of the United States that the desirability of subjecting, or continuing to subject, particular goods or technology or other information to United States export controls should be subjected to review by and consultation with representatives of appropriate United States Government agencies and private industry.

(7) It is the policy of the United States to use export controls, including license fees, to secure the removal by foreign countries of restrictions on access to supplies where such restrictions have or may have a serious domestic inflationary impact, have caused or may cause a serious domestic shortage, or have been imposed for purposes of influencing the foreign policy of the United States. In effecting this policy, the President shall make every reasonable effort to secure the removal or reduction of such restrictions, policies, or actions through international cooperation and agreement before resorting to the imposition of controls on exports from the United States. No action taken in fulfillment of the policy set forth in this paragraph shall apply to the export of medicine or medical supplies.

(8) It is the policy of the United States to use export controls to encourage other countries to take immediate steps to prevent the use of their territories or resources to aid, encourage, or give sanctuary to those persons involved in directing, supporting, or participating in acts of international terrorism. To achieve this objective, the President shall make every reasonable effort to secure the removal or reduction of such assistance to international terrorists through international cooperation and agreement before resorting to the imposition of export controls.

(9) It is the policy of the United States to cooperate with other countries with which the United States has defense treaty commitments in restricting the export of goods and technology which would make a significant contribution to the military potential of any country or combination of countries which would prove detrimental to the security of the United States and of those countries with which the United States has defense treaty commitments.

(10) It is the policy of the United States that export trade by United States citizens be given a high priority and not be controlled except when such controls (A) are necessary to further fundamental national security, foreign policy, or short supply objectives, (B) will clearly further such objectives, and (C) are administered consistent with basic standards of due process.

(11) It is the policy of the United States to minimize restrictions on the export of agricultural commodities and products.

GENERAL PROVISIONS

SEC. 4. (a) TYPES OF LICENSES.—Under such conditions as may be imposed by the Secretary which are consistent with the provisions of this Act, the Secretary may require any of the following types of export licenses:

(1) A validated license, authorizing a specific export, issued pursuant to an application by the exporter.

(2) A qualified general license, authorizing multiple exports, issued pursuant to an application by the exporter.

(3) A general license, authorizing exports, without application by the exporter.

(4) Such other licenses as may assist in the effective and efficient implementation of this Act.

(b) COMMODITY CONTROL LIST.—The Secretary shall establish and maintain a list (hereinafter in this Act referred to as the "commodity control list") consisting of any goods or technology subject to export controls under this Act.

(c) FOREIGN AVAILABILITY.—In accordance with the provisions of this Act, the President shall not impose export controls for foreign policy or national security purposes on the export from the United States of goods or technology which he determines are available without restriction from sources outside the United States in significant quantities and comparable in quality to those produced in the United States, unless the President determines that adequate evidence has been presented to him demonstrating that the absence of such controls would prove detrimental to the foreign policy or national security of the United States.

(d) RIGHT OF EXPORT.—No authority or permission to export may be required under this Act, or under regulations issued under this Act, except to carry out the policies set forth in section 3 of this Act.

(e) DELEGATION OF AUTHORITY.—The President may delegate the power, authority, and discretion conferred upon him by this Act to such departments, agencies, or officials of the Government as he may consider appropriate, except that no authority under this Act may be delegated to, or exercised by, any official of any department or agency the head of which is not appointed by the President, by and with the advice and consent of the Senate. The President may not delegate or transfer his power, authority, and discretion to overrule or modify any recommendation or decision made by the Secretary, the Secretary of Defense, or the Secretary of State pursuant to the provisions of this Act.

(f) NOTIFICATION OF THE PUBLIC; CONSULTATION WITH BUSINESS.—The Secretary shall keep the public fully apprised of changes in export control policy and procedures instituted in conformity with this Act with a view to encouraging trade. The Secretary shall meet regularly with representatives of the business sector in order to obtain their views on export control policy and the foreign availability of goods and technology.

NATIONAL SECURITY CONTROLS

SEC. 5. (a) AUTHORITY.—(1) In order to carry out the policy set forth in section 3(2)(A) of this Act, the President may, in accordance with the provisions of this section, prohibit or curtail the export of any goods or technology subject to the jurisdiction of the United States or exported by any person subject to the jurisdiction of the United States. The authority contained in this subsection shall be exercised by the Secretary, in consultation with the Secretary of Defense, and such other departments and agencies as the Secretary considers appropriate, and shall be implemented by means of export licenses described in section 4(a) of this Act.

(2)(A) Whenever the Secretary makes any revision with respect to any goods or technology, or with respect to the countries or destinations, affected by export controls imposed under this section, the Secretary shall publish in the *Federal Register* a notice of such revision and shall specify in such notice that the revision relates to controls imposed under the authority contained in this section.

(B) Whenever the Secretary denies any export license under this section, the Secretary shall specify in the notice to the applicant of the denial of such license that the license was denied under the authority contained in this section. The Secretary shall also include in such notice what, if any, modifications in or restrictions on the goods or technology for which the license was sought would allow such export to be compatible with controls imposed under this section, or the Secretary shall indicate in such notice which officers and employees of the Department of Commerce who are familiar with the application will be made reasonably available to the applicant for consultation with regard to such modifications or restriction, if appropriate.

(3) In issuing regulations to carry out this section, particular attention shall be given to the difficulty of devising effective safeguards to prevent a country that poses a threat to the security of the United States from diverting critical technologies to military use, the difficulty of devising effective safeguards to

protect critical goods, and the need to take effective measures to prevent the reexport of critical technologies from other countries to countries that pose a threat to the security of the United States. Such regulations shall not be based upon the assumption that such effective safeguards can be devised.

(b) POLICY TOWARD INDIVIDUAL COUNTRIES.—In administering export controls for national security purposes under this section, United States policy toward individual countries shall not be determined exclusively on the basis of a country's Communist or non-Communist status but shall take into account such factors as the country's present and potential relationship to the United States, its present and potential relationship to countries friendly or hostile to the United States, its ability and willingness to control retransfers of United States exports in accordance with United States policy, and such other factors as the President considers appropriate. The President shall review not less frequently than every three years in the case of controls maintained cooperatively with other nations, and annually in the case of all other controls, United States policy toward individual countries to determine whether such policy is appropriate in light of the factors specified in the preceding sentence.

(c) CONTROL LIST.—(1) The Secretary shall establish and maintain, as part of the commodity control list, a list of all goods and technology subject to export controls under this section. Such goods and technology shall be clearly identified as being subject to controls under this section.

(2) The Secretary of Defense and other appropriate departments and agencies shall identify goods and technology for inclusion on the list referred to in paragraph (1). Those items which the Secretary and the Secretary of Defense concur shall be subject to export controls under this section shall comprise such list. If the Secretary and the Secretary of Defense are unable to concur on such items, the matter shall be referred to the President for resolution.

(3) The Secretary shall issue regulations providing for review of the list established pursuant to this subsection not less frequently than every 3 years in the case of controls maintained cooperatively with other countries, and annually in the case of all other controls, in order to carry out the policy set forth in section 3(2)(A) and the provisions of this section, and for the prompt issuance of such revisions of the list as may be necessary. Such regulations shall provide interested Government agencies and other affected or potentially affected parties with an opportunity, during such review, to submit written data, views, or arguments, with or without oral presentation. Such regulations shall further provide that, as part of such review, an assessment be made of the availability from sources outside the United States, or any of its territories or possessions, of goods and technology comparable to those controlled under this section. The Secretary and any agency rendering advice with respect to export controls shall keep adequate records of all decisions made with respect to revision of the list of controlled goods and technology, including the factual and analytical basis for the decision, and, in the case of the Secretary, any dissenting recommendations received from any agency.

(d) MILITARILY CRITICAL TECHNOLOGIES.—(1) The Secretary, in consultation with the Secretary of Defense, shall review and revise the list established pursuant to subsection (c), as prescribed in paragraph (3) of such subsection, for the purpose of insuring that export controls imposed under this section cover and (to the maximum extent consistent with the purposes of this Act) are limited to militarily critical goods and technologies and the mechanisms through which such goods and technologies may be effectively transferred.

(2) The Secretary of Defense shall bear primary responsibility for developing a list of militarily critical technologies. In developing such list, primary emphasis shall be given to—

(A) arrays of design and manufacturing know-how,

(B) keystone manufacturing, inspection, and test equipment, and

(C) goods accompanied by sophisticated operation, application, or maintenance know-how, which are not possessed by countries to which exports are controlled under this section and which, if exported, would permit a significant advance in a military system of any such country.

(3) The list referred to in paragraph (2) shall be sufficiently specific to guide the determinations of any official exercising export licensing responsibilities under this Act.

(4) The initial version of the list referred to in paragraph (2) shall be completed and published in an appropriate form in the *Federal Register* not later than October 1, 1980.

(5) The list of militarily critical technologies developed primarily by the Secretary of Defense pursuant to paragraph (2) shall become a part of the commodity control list, subject to the provisions of subsection (c) of this section.

(6) The Secretary of Defense shall report annually to the Congress on actions taken to carry out this subsection.

(e) EXPORT LICENSES.—(1) The Congress finds that the effectiveness and efficiency of the process of making export licensing determinations under this section is severely hampered by the large volume of validated export license applications required to be submitted under this Act. Accordingly, it is the intent of Congress in this subsection to encourage the use of a qualified general license in lieu of a validated license.

(2) To the maximum extent practicable, consistent with the national security of the United States, the Secretary shall require a validated license under this section for the export of goods or technology only if—

(A) the export of such goods or technology is restricted pursuant to a multilateral agreement, formal or informal, to which the United States is a party and, under the terms of such multilateral agreement, such export requires the specific approval of the parties to such multilateral agreement;

(B) with respect to such goods or technology, other nations do not possess capabilities comparable to those possessed by the United States; or

(C) the United States is seeking the agreement of other suppliers to apply comparable controls to such goods or technology and, in the judgment of the Secretary, United States export controls on such goods or technology, by means of such license, are necessary pending the conclusion of such agreement.

(3) To the maximum extent practicable, consistent with the national security of the United States, the Secretary shall require a qualified general license, in lieu of a validated license, under this section for the export of goods or technology if the export of such goods or technology is restricted pursuant to a multilateral agreement, formal or informal, to which the United States is a party, but such export does not require the specific approval of the parties to such multilateral agreement.

(4) Not later than July 1, 1980, the Secretary shall establish procedures for the approval of goods and technology that may be exported pursuant to a qualified general license.

(f) FOREIGN AVAILABILITY.—(1) The Secretary, in consultation with appropriate Government agencies and with appropriate technical advisory committees established pursuant to subsection (h) of this section, shall review, on a continuing basis, the availability, to countries to which exports are controlled under this section, from sources outside the United States, including countries which participate with the United States in multilateral export controls, of any goods or technology the export of which requires a validated license under this section. In any case in which the Secretary determines, in accordance with procedures and criteria which the Secretary shall by regulation establish, that any such goods or technology are available in fact to such destinations from such sources in sufficient quantity and of sufficient quality so that the requirement of a validated license for the export of such goods or technology is or would be ineffective in achieving the purpose set forth in subsection (a) of this section, the Secretary may not, after the determination is made, require a validated license for the export of such goods or technology during the period of such foreign availability, unless the President determines that the absence of export controls under this section would prove detrimental to the national security of the United States. In any case in which the President determines that export controls under this section must be maintained notwithstanding foreign availability, the Secretary shall publish that determination together with a concise statement of its basis, and the estimated economic impact of the decision.

(2) The Secretary shall approve any application for a validated license which is required under this section for the export of any goods or technology to a particular country and which meets all other requirements for such an application, if the Secretary determines that such goods or technology will, if the license is denied, be available in fact to such country from sources outside the United States, including countries which participate with the United States in multilateral export controls, in sufficient quantity and of sufficient quality so that denial of the license would be ineffective in achieving the purpose set forth in subsection (a) of this section, subject to the exception set forth in paragraph (1) of this subsection. In any case in which the Secretary makes a determination of foreign availability under this paragraph with respect to any goods or technology, the Secretary shall determine whether a determination of foreign availability under paragraph (1) with respect to such goods or technology is warranted.

(3) With respect to export controls imposed under this section, any determination of foreign availability which is the basis of a decision to grant a license for, or to remove a control on, the export of a good or technology, shall be made in writing and shall be supported by reliable evidence, including scientific or physical examination, expert opinion based

upon adequate factual information, or intelligence information. In assessing foreign availability with respect to license applications, uncorroborated representations by applicants shall not be deemed sufficient evidence of foreign availability.

(4) In any case in which, in accordance with this subsection, export controls are imposed under this section notwithstanding foreign availability, the President shall take steps to initiate negotiations with the governments of the appropriate foreign countries for the purpose of eliminating such availability. Whenever the President has reason to believe goods or technology subject to export control for national security purposes by the United States may become available from other countries to countries to which exports are controlled under this section and that such availability can be prevented or eliminated by means of negotiations with such other countries, the President shall promptly initiate negotiations with the governments of such other countries to prevent such foreign availability.

(5) In order to further carry out the policies set forth in this Act, the Secretary shall establish, within the Office of Export Administration of the Department of Commerce, a capability to monitor and gather information with respect to the foreign availability of any goods or technology subject to export controls under this Act.

(6) Each department or agency of the United States with responsibilities with respect to export controls, including intelligence agencies, shall, consistent with the protection of intelligence sources and methods, furnish information to the Office of Export Administration concerning foreign availability of goods and technology subject to export controls under this Act, and such Office, upon request or where appropriate, shall furnish to such departments and agencies the information it gathers and receives concerning foreign availability.

(g) INDEXING.—In order to ensure that requirements for validated licenses and qualified general licenses are periodically removed as goods or technology subject to such requirements become obsolete with respect to the national security of the United States, regulations issued by the Secretary may, where appropriate, provide for annual increases in the performance levels of goods or technology subject to any such licensing requirement. Any such goods or technology which no longer meet the performance levels established by the latest such increase shall be removed from the list established pursuant to subsection (c) of this section unless, under such exceptions and under such procedures as the Secretary shall prescribe, any other department or agency of the United States objects to such removal and the Secretary determines, on the basis of such objection, that the goods or technology shall not be removed from the list. The Secretary shall also consider, where appropriate, removing site visitation requirements for goods and technology which are removed from the list unless objections described in this subsection are raised.

(h) TECHNICAL ADVISORY COMMITTEES.—(1) Upon written request by representatives of a substantial segment of any industry which produces any goods or technology subject to export controls under this section or being considered for such controls because of their significance to the national security of the United States, the Secretary shall appoint a technical advisory committee for any such goods or technology which the Secretary determines are difficult to evaluate because of questions concerning technical matters, worldwide availability, and actual utilization of production and technology, or licensing procedures. Each such committee shall consist of representatives of United States industry and Government, including the Departments of Commerce, Defense, and State and, in the discretion of the Secretary, other Government departments and agencies. No person serving on any such committee who is a representative of industry shall serve on such committee for more than four consecutive years.

(2) Technical advisory committees established under paragraph (1) shall advise and assist the Secretary, the Secretary of Defense, and any other department, agency, or official of the Government of the United States to which the President delegates authority under this Act, with respect to actions designed to carry out the policy set forth in section 3 (2) (A) of this Act. Such committees, where they have expertise in such matters, shall be consulted with respect to questions involving (A) technical matters, (B) worldwide availability and actual utilization of production technology, (C) licensing procedures which affect the level of export controls applicable to any goods or technology, and (D) exports subject to multilateral controls in which the United States participates, including proposed revisions of any such multilateral controls. Nothing in this subsection shall prevent the Secretary or the Secretary of Defense from consulting, at any time, with any person representing industry or the general public, regardless of whether such person is a member of a technical advisory committee. Members of the

public shall be given a reasonable opportunity, pursuant to regulations prescribed by the Secretary, to present evidence to such committees.

(3) Upon request of any member of any such committee, the Secretary may, if the Secretary determines it appropriate, reimburse such member for travel, subsistence, and other necessary expenses incurred by such member in connection with the duties of such member.

(4) Each such committee shall elect a chairman, and shall meet at least every three months at the call of the chairman, unless the chairman determines, in consultation with the other members of the committee, that such a meeting is not necessary to achieve the purposes of this subsection. Each such committee shall be terminated after a period of 2 years, unless extended by the Secretary for additional periods of 2 years. The Secretary shall consult each such committee with respect to such termination or extension of that committee.

(5) To facilitate the work of the technical advisory committees, the Secretary, in conjunction with other departments and agencies participating in the administration of this Act, shall disclose to each such committee adequate information, consistent with national security, pertaining to the reasons for the export controls which are in effect or contemplated for the goods or technology with respect to which that committee furnishes advice.

(6) Whenever a technical advisory committee certifies to the Secretary that goods or technology with respect to which such committee was appointed have become available in fact, to countries to which exports are controlled under this section, from sources outside the United States, including countries which participate with the United States in multilateral export controls, in sufficient quantity and of sufficient quality so that requiring a validated license for the export of such goods or technology would be ineffective in achieving the purpose set forth in subsection (a) of this section, and provides adequate documentation for such certification, in accordance with the procedures established pursuant to subsection (f) (1) of this section, the Secretary shall investigate such availability, and if such availability is verified, the Secretary shall remove the requirement of a validated license for the export of the goods or technology, unless the President determines that the absence of export controls under this section would prove detrimental to the national security of the United States. In any case in which the President determines that export controls under this section must be maintained notwithstanding foreign availability, the Secretary shall publish that determination together with a concise statement of its basis and the estimated economic impact of the decision.

(i) MULTILATERAL EXPORT CONTROLS.—The President shall enter into negotiations with the governments participating in the group known as the Coordinating Committee (hereinafter in this subsection referred to as the "Committee") with a view toward accomplishing the following objectives:

(1) Agreement to publish the list of items controlled for export by agreement of the Committee, together with all notes, understandings, and other aspects of such agreement of the Committee, and all changes thereto.

(2) Agreement to hold periodic meetings with high-level representatives of such governments, for the purpose of discussing export control policy issues and issuing policy guidance to the Committee.

(3) Agreement to reduce the scope of the export controls imposed by agreement of the Committee to a level acceptable to and enforceable by all governments participating in the Committee.

(4) Agreement on more effective procedures for enforcing the export controls agreed to pursuant to paragraph (3).

(j) COMMERCIAL AGREEMENTS WITH CERTAIN COUNTRIES.—(1) Any United States firm, enterprise, or other nongovernmental entity which, for commercial purposes, enters into any agreement with any agency of the government of a country to which exports are restricted for national security purposes, which agreement cites an intergovernmental agreement (to which the United States and such country are parties) calling for the encouragement of technical cooperation and is intended to result in the export from the United States to the other party of unpublished technical data of United States origin, shall report the agreement with such agency to the Secretary.

(2) The provisions of paragraph (1) shall not apply to colleges, universities, or other educational institutions.

(k) NEGOTIATIONS WITH OTHER COUNTRIES.—The Secretary of State, in consultation with the Secretary of Defense, the Secretary of Commerce, and the heads of other appropriate departments and agencies, shall be responsible for conducting negotiations with other countries regarding their cooperation in restricting the export of goods and technology in order to carry out the policy set forth in section 3 (9) of this Act, as authorized by subsection (a) of this section, including negotiations with respect to which goods and technology should be subject to multilaterally agreed export restrictions and what conditions should apply for exceptions from those restrictions.

(l) Diversion to Military Use of Controlled Goods or Technology.—(1) Whenever there is reliable evidence that goods or technology, which were exported subject to national security controls under this section to a country to which exports are controlled for national security purposes, have been diverted to significant military use in violation of the conditions of an export license, the Secretary for as long as that diversion to significant military use continues—

(A) shall deny all further exports to the party responsible for that diversion of any goods or technology subject to national security controls under this section which contribute to that particular military use, regardless of whether such goods or technology are available to that country from sources outside the United States; and

(B) may take such additional steps under this Act with respect to the party referred to in subparagraph (A) as are feasible to deter the further military use of the previously exported goods or technology.

(2) As used in this subsection, the terms "diversion to significant military use" and "significant military use" means the use of United States Munitions List.

FOREIGN POLICY CONTROLS

Sec. 6. (a) Authority.—(1) In order to carry out the policy set forth in paragraph (2) (B), (7), or (8) of section 3 of this Act, the President may prohibit or curtail the exportation of any goods, technology, or other information subject to the jurisdiction of the United States, or exported by any person subject to the jurisdiction of the United States, to the extent necessary to further significantly the foreign policy of the United States or to fulfill its declared international obligations. The authority granted by this subsection shall be exercised by the Secretary, in consultation with the Secretary of State and such other departments and agencies as the Secretary considers appropriate, and shall be implemented by means of export licenses issued by the Secretary.

(2) Export controls maintained for foreign policy purposes shall expire on December 31, 1979, or one year after imposition, whichever is later, unless extended by the President in accordance with subsections (b) and (e). Any such extension and any subsequent extension shall not be for a period of more than one year.

(3) Whenever the Secretary denies any export license under this subsection, the Secretary shall specify in the notice to the applicant of the denial of such license that the license was denied under the authority contained in this subseciton, and the reasons for such denial with reference to the criteria set forth in subsection (b) of this section. The Secretary shall also include in such notice what, if any, modifications in or restrictions on the goods or technology for which the license was sought would allow such export to be compatible with controls implemented under this section, or the Secretary shall indicate in such notice which officers and employees of the Department of Commerce who are familiar with the application will be made reasonably available to the applicant for consultation with regard to such modifications or restrictions, if appropriate.

(4) In accordance with the provisions of section 10 of this Act, the Secretary of State shall have the right to review any export license application under this section which the Secretary of State requests to review.

(b) Criteria.—When imposing, expanding, or extending export controls under this section, the President shall consider—

(1) the probability that such controls will achieve the intended foreign policy purpose, in light of other factors, including the availability from other countries of the goods or technology proposed for such controls;

(2) the compatibility of the proposed controls with the foreign policy objectives of the United States, including the efort to counter international terrorism, and with overall United States policy toward the country which is the proposed target of the controls;

(3) the reaction of other countries to the imposition or expansion of such export controls by the United States;

(4) the likely effects of the proposed controls on the export performance of the United States, on the competitive position of the United States in the international economy, on the international reputation of the United States as a supplier of goods and technology, and on individual United States companies and their employees and communities, including the effects of the controls on existing contracts;

(5) the ability of the United States to enforce the proposed controls effectively; and

(6) the foreign policy consequences of not imposing controls.

(c) Consultation With Industry.—The Secretary, before imposing export controls under this section, shall consult with such affected United States industries as the

Secretary considers appropriate, with respect to the criteria set forth in paragraphs (1) and (4) of subsection (b) and such other matters as the Secretary considers appropriate.

(d) Alternative Means.—Before resorting to the imposition of export controls under this section, the President shall determine that reasonable efforts have been made to achieve the purposes of the controls through negotiations or other alternative means.

(e) Notification to Congress.—The President in every possible instance shall consult with the Congress before imposing any export control under this section. Except as provided in section 7(g) (3) of this Act, whenever the President imposes, expands, or extends export controls under this section, the President shall immediately notify the Congress of such action and shall submit with such notification a report specifying—

(1) the conclusions of the President with respect to each of the criteria set forth in subsection (b); and

(2) the nature and results of any alternative means attempted under subsection (d), or the reasons for imposing, extending, or expanding the control without attempting any such alternative means.

Such report shall also indicate how such controls will further significantly the foreign policy of the United States or will further its declared international obligations. To the extent necessary to further the effectiveness of such export control, portions of such report may be submitted on a classified basis, and shall be subject to the provisions of section 12(c) of this Act.

(f) Exclusion for Medicine and Medical Supplies and for Certain Food Exports.—This section does not authorize export controls on medicine or medical supplies. Before export controls on food are imposed, expanded, or extended under this section, the Secretary shall notify the Secretary of State in the case of export controls applicable with respect to any developed country and shall notify the Director of the United States International Development Cooperation Agency in the case of export controls applicable with respect to any developing country. The Secretary of State with respect to developed countries, and the Director with respect to developing countries, shall determine whether the proposed export controls on food would cause measurable malnutrition and shall inform the Secretary of that determination. If the Secretary is informed that the proposed export controls on food would cause measurable malnutrition, then those controls may not be imposed, expanded, or extended, as the case may be, unless the President determines that those controls are necessary to protect the national security interests of the United States, or unless the President determines that arrangements are insufficient to ensure that the food will reach those most in need. Each such determination by the Secretary of State or the Director of the United States International Development Cooperation Agency, and any such determination by the President, shall be reported to the Congress, together with a statement of the reasons for that determination. It is the intent of Congress that the President not impose export controls under this section on any goods or technology if he determines that the principal effect of the export of such goods or technology would be to help meet basic human needs. This subsection shall not be construed to prohibit the President from imposing restrictions on the export of medicine or medical supplies or of food under the International Emergency Economic Powers Act. This subsection shall not apply to any export control on medicine or medical supplies which is in effect on the effective date of this Act or to any export control on food which is in effect on the date of the enactment of the Export Administration Amendments Act of 1981.

(g) Foreign Availability.—In applying export controls under this section, the President shall take all feasible steps to initiate and conclude negotiations with appropriate foreign governments for the purpose of securing the cooperation of such foreign governments in controlling the export to countries and consignees to which the United States export controls apply of any goods or technology comparable to goods or technology controlled under this section.

(h) International Obligations.—The provisions of subsections (b), (c), (d), (f), and (g) shall not apply in any case in which the President exercises the authority contained in this section to impose export controls, or to approve or deny export license applications, in order to fulfill obligations of the United States pursuant to treaties to which the United States is a party or pursuant to other international agreements.

(i) Countries Supporting International Terrorism.—The Secretary and the Secretary of State shall notify the Committee on Foreign Affairs of the House of Representatives and the Committee on Banking, Housing, and Urban Affairs and the Committee on Foreign Relations of the Senate at least 30 days before any license is approved for the export of goods or technology valued at more than $7,000,000 to any country concerning which the Secretary of State has made the following determinations:

(1) Such country has repeatedly provided support for acts of international terrorism.

(2) Such exports would make a significant contribution to the military potential of such country, including its military logistics capability, or would enhance the ability of such country to support acts of international terrorism.

(j) Crime Control Instruments.—(1) Crime control and detection instruments and equipment shall be approved for export by the Secretary only pursuant to a validated export license.

(2) The provisions of this subsection shall not apply with respect to exports to countries which are members of the North Atlantic Treaty Organization or to Japan, Australia, or New Zealand, or to such other countries as the President shall designate consistent with the purposes of this subsection and section 502B of the Foreign Assistance Act of 1961.

(k) Control List.—The Secretary shall establish and maintain, as part of the commodity control list, a list of any goods or technology subject to export controls under this section, and the countries to which such controls apply. Such goods or technology shall be clearly identified as subject to controls under this section. Such list shall consist of goods and technology identified by the Secretary of State, with the concurrence of the Secretary. If the Secretary and the Secretary of State are unable to agree on the list, the matter shall be referred to the President. Such list shall be reviewed not less frequently than every three years in the case of controls maintained cooperatively with other countries, and annually in the case of all other controls, for the purpose of making such revisions as are necessary in order to carry out this section. During the course of such review, an assessment shall be made periodically of the availability from sources outside the United States, or any of its territories or possessions, of goods and technology comparable to those controlled for export from the United States under this section.

SHORT SUPPLY CONTROLS

Sec. 7. (a) Authority.—(1) In order to carry out the policy set forth in section 3 (2) (C) of this Act, the President may prohibit or curtail the export of any goods subject to the jurisdiction of the United States or exported by any person subject to the jurisdiction of the United States. In curtailing exports to carry out the policy set forth in section 3 (2) (C) of this Act, the President shall allocate a portion of export licenses on the basis of factors other than a prior history of exportation. Such factors shall include the extent to which a country engages in equitable trade practices with respect to United States goods and treats the United States equitably in times of short supply.

(2) Upon imposing quantitative restrictions on exports of any goods to carry out the policy set forth in section 3 (2) (C) of this Act, the Secretary shall include in a notice in the *Federal Register* with respect to such restrictions an invitation to all interested parties to submit written comments within 15 days from the date of publication on the impact of such restrictions and the method of licensing used to implement them.

(3) In imposing export controls under this section, the President's authority shall include, but not be limited to, the imposition of export license fees.

(b) Monitoring.—(1) In order to carry out the policy set forth in section 3 (2) (C) of this Act, the Secretary shall monitor exports, and contracts for exports, of any good (other than a commodity which is subject to the reporting requirements of section 812 of the Agricultural Act of 1970) when the volume of such exports in relation to domestic supply contributes, or may contribute, to an increase in domestic prices or a domestic shortage, and such price increase or shortage has, or may have, a serious adverse impact on the economy or any sector thereof. Any such monitoring shall commence at a time adequate to assure that the monitoring will result in a data base sufficient to enable policies to be developed, in accordance with section 3 (2) (C) of this Act, to mitigate a short supply situation or serious inflationary price rise or, if export controls are needed, to permit imposition of such controls in a timely manner. Information which the Secretary requires to be furnished in effecting such monitoring shall be confidential, except as provided in paragraph (2) of this subsection.

(2) The results of such monitoring shall, to the extent practicable, be aggregated and included in weekly reports setting forth, with respect to each item monitored, actual and anticipated exports, the destination by country, and the domestic and worldwide price, supply, and demand. Such reports may be made monthly if the Secretary determines that there is insufficient information to justify weekly reports.

(3) The Secretary shall consult with the Secretary of Energy to determine whether monitoring or export controls under this section are warranted with respect to exports of facilities, machinery, or equipment normally and principally used, or intended to be used,

in the production, conversion, or transportation of fuels and energy (except nuclear energy), including, but not limited to, drilling rigs, platforms, and equipment; petroleum refineries, natural gas processing, liquefaction, and gasification plants; facilities for production of synthetic natural gas or synthetic crude oil; oil and gas pipelines, pumping stations, and associated equipment; and vessels for transporting oil, gas, coal, and other fuels.

(c) PETITIONS FOR MONITORING OR CONTROLS.—(1) (A) Any entity, including a trade association, firm, or certified or recognized union or group of workers, which is representative of an industry or a substantial segment of an industry which processes metallic materials capable of being recycled with respect to which an increase in domestic prices or a domestic shortage, either of which results from increased exports, has or may have a significant adverse effect on the national economy or any sector thereof, may transmit a written petition to the Secretary requesting the monitoring of exports, or the imposition of export controls, or both, with respect to such material, in order to carry out the policy set forth in section 3 (2) (C) of this Act.

(B) Each petition shall be in such form as the Secretary shall prescribe and shall contain information in support of the action requested. The petition shall include any information reasonably available to the petitioner indicating (i) that there has been a significant increase, in relation to a specific period of time, in exports of such material in relation to domestic supply, and (ii) that there has been a significant increase in the price of such material or a domestic shortage of such material under circumstances indicating the price increase or domestic shortage may be related to exports.

(2) Within 15 days after receipt of any petition described in paragraph (1), the Secretary shall publish a notice in the *Federal Register*. The notice shall (A) include the name of the material which is the subject of the petition, (B) include the Schedule B number of the material as set forth in the Statistical Classification of Domestic and Foreign Commodities Exported from the United States, (C) indicate whether the petition is requesting that controls or monitoring, or both, be imposed with respect to the exportation of such material, and (D) provide that interested persons shall have a period of 30 days commencing with the date of publication of such notice to submit to the Secretary written data, views, or arguments, with or without opportunity for oral presentation, with respect to the matter involved. At the request of the petitioner or any other entity described in paragraph (1) (A) with respect to the material which is the subject of the petition, or at the request of any entity representative of producers or exporters of such material, the Secretary shall conduct public hearings with respect to the subject of the petition, in which case the 30-day period may be extended to 45 days.

(3) Within 45 days after the end of the 30- or 45-day period described in paragraph (2), as the case may be, the Secretary shall—

(A) determine whether to impose monitoring or controls, or both, on the export of such material, in order to carry out the policy set forth in section 3 (2) (C) of this Act; and

(B) publish in the *Federal Register* a detailed statement of the reasons for such determination.

(4) Within 15 days after making a determination under paragraph (3) to impose monitoring or controls on the export of a material, the Secretary shall publish in the *Federal Register* proposed regulations with respect to such monitoring or controls. Within 30 days following the publication of such proposed regulations, and after considering any public comments thereon, the Secretary shall publish and implement final regulations with respect to such monitoring or controls.

(5) For purposes of publishing notices in the *Federal Register* and scheduling public hearings pursuant to this subsection, the Secretary may consolidate petitions, and responses thereto, which involve the same or related materials.

(6) If a petition with respect to a particular material or group of materials has been considered in accordance with all the procedures prescribed in this subsection, the Secretary may determine, in the absence of significantly changed circumstances, that any other petition with respect to the same material or group of materials which is filed within 6 months after consideration of the prior petition has been completed does not merit complete consideration under this subsection.

(7) The procedures and time limits set forth in this subsection with respect to a petition filed under this subsection shall take precedence over any review undertaken at the initiative of the Secretary with respect to the same subject as that of the petition.

(8) The Secretary may impose monitoring or controls on a temporary basis after a petition is filed under paragraph (1) (A) but before the Secretary makes a determination under paragraph (3) if the Secretary considers such

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action to be necessary to carry out the policy set forth in section 3 (2) (C) of this Act.

(9) The authority under this subsection shall not be construed to affect the authority of the Secretary under any other provision of this Act.

(10) Nothing contained in this subsection shall be construed to preclude submission on a confidential basis to the Secretary of information relevant to a decision to impose or remove monitoring or controls under the authority of this Act, or to preclude consideration of such information by the Secretary in reaching decisions required under this subsection. The provisions of this paragraph shall not be construed to affect the applicability of section 552(b) of title 5, United States Code.

(d) DOMESTICALLY PRODUCED CRUDE OIL.—(1) Notwithstanding any other provision of this Act and notwithstanding subsection (u) of section 28 of the Mineral Leasing Act of 1920 (30 U.S.C. 185), no domestically produced crude oil transported by pipeline over right-of-way granted pursuant to section 203 of the Trans-Alaska Pipeline Authorization Act (43 U.S.C. 1652) (except any such crude oil which (A) is exported to an adjacent foreign country to be refined and consumed therein in exchange for the same quantity of crude oil being exported from that country to the United States, such exchange must result through convenience or increased efficiency of transportation in lower prices for consumers of petroleum products in the United States as described in paragraph (2) (A) (ii) of this subsection, or (B) is temporarily exported for convenience or increased efficiency of transportation across parts of an adjacent foreign country and reenters the United States) may be exported from the United States, or any of its territories and possessions, unless the requirements of paragraph (2) of this subsection are met.

(2) Crude oil subject to the prohibition contained in paragraph (1) may be exported only if—

(A) The President makes and publishes express findings that exports of such crude oil, including exchanges—

(i) will not diminish the total quantity or quality of petroleum refined within, stored within, or legally committed to be transported to and sold within the United States;

(ii) will, within 3 months following the initiation of such exports or exchanges result in (I) acquisition costs to the refiners which purchase the imported crude oil being lower than the acquisition costs such refiners would have to pay for the domestically produced oil in the absence of such an export or exchange, and (II) not less than 75 percent of such savings in costs being reflected in wholesale and retail prices of products refined from such imported crude oil;

(iii) will be made only pursuant to contracts which may be terminated if the crude oil supplies of the United States are interrupted, threatened, or diminished;

(iv) are clearly necessary to protect the national interest; and

(v) are in accordance with the provisions of this Act; and

(B) the President reports such findings to the Congress and the Congress, within 60 days thereafter, agrees to a concurrent resolution approving such exports on the basis of the findings.

(3) Notwithstanding any other provision of this section or any other provision of law, including subsection (u) of section 28 of the Mineral Leasing Act of 1920, the President may export oil to any country pursuant to a bilateral international oil supply agreement entered into by the United States with such nation before June 25, 1979, or to any country pursuant to the International Emergency Oil Sharing Plan of the International Energy Agency.

(e) REFINED PETROLEUM PRODUCTS.—(1) No refined petroleum product may be exported except pursuant to an export license specifically authorizing such export. Not later than 5 days after an application for a license to export any refined petroleum product or residual fuel oil is received, the Secretary shall notify the Congress of such application, together with the name of the exporter, the destination of the proposed export, and the amount and price of the proposed export. Such notification shall be made to the chairman of the Committee on Foreign Affairs of the House of Representatives and the chairman of the Committee on Banking, Housing, and Urban Affairs of the Senate.

(2) The Secretary may not grant such license during the 30-day period beginning on the date on which notification to the Congress under paragraph (1) is received, unless the President certifies in writing to the Speaker of the House of Representatives and the President pro tempore of the Senate that the proposed export is vital to the national interest and that a delay in issuing the license would adversely affect that interest.

(3) This subsection shall not apply to (A) any export license application for exports to

a country with respect to which historical export quotas established by the Secretary on the basis of past trading relationships apply, or (B) any license application for exports to a country if exports under the license would not result in more than 250,000 barrels of refined petroleum products being exported from the United States to such country in any fiscal year.

(4) For purposes of this subsection, "refined petroleum product" means gasoline, kerosene, distillates, propane or butane gas, diesel fuel, and residual fuel oil refined within the United States or entered for consumption within the United States.

(5) The Secretary may extend any time period prescribed in section 10 of this Act to the extent necessary to take into account delays in action by the Secretary on a license application on account of the provisions of this subsection.

(f) CERTAIN PETROLEUM PRODUCTS.—Petroleum products refined in United States Foreign Trade Zones, or in the United States Territory of Guam, from foreign crude oil shall be excluded from any quantitative restrictions imposed under this section except that, if the Secretary finds that a product is in short supply, the Secretary may issue such regulations as may be necessary to limit exports.

(g) AGRICULTURAL COMMODITIES.—(1) The authority conferred by this section shall not be exercised with respect to any agricultural commodity, including fats and oils or animal hides or skins, without the approval of the Secretary of Agriculture. The Secretary of Agriculture shall not approve the exercise of such authority with respect to any such commodity during any period for which the supply of such commodity is determined by the Secretary of Agriculture to be in excess of the requirements of the domestic economy except to the extent the President determines that such exercise of authority is required to carry out the policies set forth in subparagraph (A) or (B) of paragraph (2) of section 3 of this Act. The Secretary of Agriculture shall, by exercising the authorities which the Secretary of Agriculture has under other applicable provisions of law, collect data with respect to export sales of animal hides and skins.

(2) Upon approval of the Secretary, in consultation with the Secretary of Agriculture, agricultural commodities purchased by or for use in a foreign country may remain in the United States for export at a later date free from any quantitative limitations on export which may be imposed to carry out the policy set forth in section 3 (2) (C) of this Act subsequent to such approval. The Secretary may not grant such approval unless the Secretary receives adequate assurance and, in conjunction with the Secretary of Agriculture, finds (A) that such commodities will eventually be exported, (B) that neither the sale nor export thereof will result in an excessive drain of scarce materials and have a serious domestic inflationary impact, (C) that storage of such commodities in the United States will not unduly limit the space available for storage of domestically owned commodities, and (D) that the purpose of such storage is to establish a reserve of such commodities for later use, not including resale to or use by another country. The Secretary may issue such regulations as may be necessary to implement this paragraph.

(3) If the authority conferred by this section or section 6 is exercised to prohibit or curtail the export of any agricultural commodity in order to carry out the policies set forth in subparagraph (B) or (C) of paragraph (2) of section 3 of this Act, the President shall immediately report such prohibition or curtailment to the Congress, setting forth the reasons therefor in detail. If the Congress, within 30 days after the date of its receipt of such report, adopts a concurrent resolution disapproving such prohibition or curtailment, then such prohibition or curtailment shall cease to be effective with the adoption of such resolution. In the computation of such 30-day period, there shall be excluded the days on which either House is not in session because of an adjournment of more than 3 days to a day certain or because of an adjournment of the Congress sine die.

(h) BARTER AGREEMENTS.—(1) The exportation pursuant to a barter agreement of any goods which may lawfully be exported from the United States, for any goods which may lawfully be imported into the United States, may be exempted, in accordance with paragraph (2) of this subsection, from any quantitative limitation on exports (other than any reporting requirement) imposed to carry out the policy set forth in section 3 (2) (C) of this Act.

(2) The Secretary shall grant an exemption under paragraph (1) if the Secretary finds, after consultation with the appropriate department or agency of the United States, that—

(A) for the period during which the barter agreement is to be performed—

(i) the average annual quantity of the goods to be exported pursuant to the barter agreement will not be required to satisfy the average amount of such goods estimated to be required annually by the domestic economy and will be surplus thereto, and

(ii) the average annual quantity of the goods to be imported will be less than the average amount of such goods estimated to be required annually to supplement domestic production, and

(B) the parties to such barter agreement have demonstrated adequately that they intend, and have the capacity, to perform such barter agreement

(3) For purposes of this subsection, the term "barter agreement" means any agreement which is made for the exchange, without monetary consideration, of any goods produced in the United States for any goods produced outside of the United States.

(4) This subsection shall apply only with respect to barter agreements entered into after the effective date of this Act.

(i) Unprocessed Red Cedar.—(1) The Secretary shall require a validated license, under the authority contained in subsection (a) of this section, for the export of unprocessed western red cedar (Thuja plicata) logs, harvested from State or Federal lands. The Secretary shall impose quantitative restrictions upon the export of unprocessed western red cedar logs during the 3-year period beginning on the effective date of this Act as follows:

(A) Not more than thirty million board feet scribner of such logs may be exported during the first year of such 3-year period.

(B) Not more than fifteen million board feet scribner of such logs may be exported during the second year of such period.

(C) Not more than five million board feet scribner of such logs may be exported during the third year of such period.

After the end of such 3-year period, no unprocessed western red cedar logs may be exported from the United States.

(2) The Secretary shall allocate export licenses to exporters pursuant to this subsection on the basis of a prior history of exportation by such exporters and such other factors as the Secretary considers necessary and appropriate to minimize any hardship to the producers of western red cedar and to further the foreign policy of the United States.

(3) Unprocessed western red cedar logs shall not be considered to be an agricultural commodity for purposes of subsection (g) of this section.

(4) As used in this subsection, the term "unprocessed western red cedar" means red cedar timber which has not been processed into—

(A) lumber without wane;

(B) chips, pulp, and pulp products;

(C) veneer and plywood,

(D) poles, posts, or pilings cut or treated with preservative for use as such and not intended to be further processed; or

(E) shakes and shingles.

(j) Export of Horses.—(1) Notwithstanding any other provision of this Act, no horse may be exported by sea from the United States, or any of its territories and possessions, unless such horse is part of a consignment of horses with respect to which a waiver has been granted under paragraph (2) of this subsection.

(2) The Secretary, in consultation with the Secretary of Agriculture, may issue regulations providing for the granting of waivers permitting the export by sea of a specified consignment of horses, if the Secretary, in consultation with the Secretary of Agriculture, determines that no horse in that consignment is being exported for purposes of slaughter.

FOREIGN BOYCOTTS

Sec. 8 (a) Prohibitions and Exceptions.—(1) For the purpose of implementing the policies set forth in subparagraph (A) or (B) of paragraph (5) of section 3 of this Act, the President shall issue regulations prohibiting any United States person, with respect to his activities in the interstate or foreign commerce of the United States, from taking or knowingly agreeing to take any of the following actions with intent to comply with, further, or support any boycott fostered or imposed by a foreign country against a country which is friendly to the United States and which is not itself the object of any form of boycott pursuant to United States law or regulation:

(A) Refusing, or requiring any other person to refuse, to do business with or in the boycotted country, with any business concern organized under the laws of the boycotted country, with any national or resident of the boycotted country, or with any other person, pursuant to an agreement with, a requirement of, or a request from or on behalf of the boycotting country. The mere absence of a business relationship with or in the boycotted country with any business concern organized under the laws of the boycotted country, with any national or resident of the boycotted country, or with any other person, does not indicate the existence of the intent required to establish a violation of regulations issued to carry out this subparagraph.

(B) Refusing, or requiring any other person to refuse, to employ or otherwise discriminating against any United States person on the basis of race, religion, sex, or national origin of that person or of any owner, officer, director, or employee of such person.

(C) Furn[illegible] information with respect to the race, reli[illegible] sex, or national origin of any United States person or of any owner, officer, director, or employee of such person.

(D) Furnishing information about whether any person has, has had, or proposes to have any business relationship (including a relationship by way of sale, purchase, legal or commercial representation, shipping or other transport, insurance, investment, or supply) with or in the boycotted country, with any business concern organized under the laws of the boycotted country, with any national or resident of the boycotted country, or with any other person which is known or believed to be restricted from having any business relationship with or in the boycotted country. Nothing in this paragraph shall prohibit the furnishing of normal business information in a commercial context as defined by the Secretary.

(E) Furnishing information about whether any person is a member of, has made contributions to, or is otherwise associated with or involved in the activities of any charitable or fraternal organization which supports the boycotted country.

(F) Paying, honoring, confirming, or otherwise implementing a letter of credit which contains any condition or requirement compliance with which is prohibited by regulations issued pursuant to this paragraph, and no United States person shall, as a result of the application of this paragraph, be obligated to pay or otherwise honor or implement such letter of credit.

(2) Regulations issued pursuant to paragraph (1) shall provide exceptions for—

(A) complying or agreeing to comply with requirements (i) prohibiting the import of goods or services from the boycotted country or goods produced or services provided by any business concern organized under the laws of the boycotted country or by nationals or residents of the boycotted country, or (ii) prohibiting the shipment of goods to the boycotting country on a carrier of the boycotted country, or by a route other than that prescribed by the boycotting country or the recipient of the shipment;

(B) complying or agreeing to comply with import and shipping document requirements with respect to the country of origin, the name of the carrier and route of shipment, the name of the supplier of the shipment or the name of the provider of other services, except that no information knowingly furnished or conveyed in response to such requirements may be stated in negative, blacklisting, or similar exclusionary terms, other than with respect to carriers or route of shipment as may be permitted by such regulations in order to comply with precautionary requirements protecting against war risks and confiscation;

(C) complying or agreeing to comply in the normal course of business with the unilateral and specific selection by a boycotting country, or national or resident thereof, of carriers, insurers, suppliers of services to be performed within the boycotting country or specific goods which, in the normal course of business, are identifiable by source when imported into the boycotting country;

(D) complying or agreeing to comply with export requirements of the boycotting country relating to shipments or transshipments of exports to the boycotted country, to any business concern of or organized under the laws of the boycotted country, or to any national or resident of the boycotted country;

(E) compliance by an individual or agreement by an individual to comply with the immigration or passport requirements of any country with respect to such individual or any member of such individual's family or with requests for information regarding requirements of employment of such individual within the boycotting country; and

(F) compliance by a United States person resident in a foreign country or agreement by such person to comply with the laws of that country with respect to his activities exclusively therein, and such regulations may contain exceptions for such resident complying with the laws or regulations of that foreign country governing imports into such country of trademarked, trade named, or similarly specifically identifiable products, or components of products for his own use, including the performance of contractual services within that country, as may be defined by such regulations.

(3) Regulations issued pursuant to paragraphs (2)(C) and (2)(F) shall not provide exceptions from paragraphs (1)(B) and (1)(C).

(4) Nothing in this subsection may be construed to supersede or limit the operation of the antitrust or civil rights law of the United States.

(5) This section shall apply to any transaction or activity undertaken, by or through a United States person or any other person, with intent to evade the provisions of this section as implemented by the regulations issued pursuant to this subsection, and such regulations shall expressly provide that the exceptions set

forth in paragraph (2) shall not permit activities or agreements (expressed or implied by a course of conduct, including a pattern of responses) otherwise prohibited, which are not within the intent of such exceptions.

(b) FOREIGN POLICY CONTROLS.—(1) In addition to the regulations issued pursuant to subsection (a) of this section, regulations issued under section 6 of this Act shall implement the policies set forth in section 3 (5).

(2) Such regulations shall require that any United States person receiving a request for the furnishing of information, the entering into or implementing of agreements, or the taking of any other action referred to in section 3 (5) shall report that fact to the Secretary, together with such other information concerning such request as the Secretary may require for such action as the Secretary considers appropriate for carrying out the policies of that section. Such person shall also report to the Secretary whether such person intends to comply and whether such person has complied with such request. Any report filed pursuant to this paragraph shall be made available promptly for public inspection and copying, except that information regarding the quantity, description, and value of any goods or technology to which such report relates may be kept confidential if the Secretary determines that disclosure thereof would place the United States person involved at a competitive disadvantage. The Secretary shall periodically transmit summaries of the information contained in such reports to the Secretary of State for such action as the Secretary of State, in consultation with the Secretary, considers appropriate for carrying out the policies set forth in section 3 (5) of this Act.

(c) PREEMPTION.—The provisions of this section and the regulations issued pursuant thereto shall preempt any law, rule, or regulation of any of the several States or the District of Columbia, or any of the territories or possessions of the United States, or of any governmental subdivisions thereof, which law, rule, or regulation pertains to participation in, compliance with, implementation of, or the furnishing of information regarding restrictive trade practices or boycotts fostered or imposed by foreign countries against other countries.

PROCEDURES FOR HARDSHIP RELIEF FROM EXPORT CONTROLS

SEC. 9. (a) FILING OF PETITIONS.—Any person who, in such person's domestic manufacturing process or other domestic business operation, utilizes a product produced abroad in whole or in part from a good historically obtained from the United States but which has been made subject to export controls, or any person who historically has exported such good, may transmit a petition of hardship to the Secretary requesting an exemption from such controls in order to alleviate any unique hardship resulting from the imposition of such controls. A petition under this section shall be in such form as the Secretary shall prescribe and shall contain information demonstrating the need for the relief requested.

(b) DECISION OF THE SECRETARY.—Not later than 30 days after receipt of any petition under subsection (a), the Secretary shall transmit a written decision to the petitioner granting or denying the requested relief. Such decision shall contain a statement setting forth the Secretary's basis for the grant or denial. Any exemption granted may be subject to such conditions as the Secretary considers appropriate.

(c) FACTORS TO BE CONSIDERED.—For purposes of this section, the Secretary's decision with respect to the grant or denial of relief from unique hardship resulting directly or indirectly from the imposition of export controls shall reflect the Secretary's consideration of factors such as the following:

(1) Whether denial would cause a unique hardship to the petitioner which can be alleviated only by granting an exception to the applicable regulations. In determining whether relief shall be granted, the Secretary shall take into account—

(A) ownership of material for which there is no practicable domestic market by virtue of the location or nature of the material,

(B) potential serious financial loss to the applicant if not granted an exception,

(C) inability to obtain, except through import, an item essential for domestic use which is produced abroad from the good under control;

(D) the extent to which denial would conflict, to the particular detriment of the applicant, with other national policies including those reflected in any international agreement to which the United States is a party;

(E) possible adverse effects on the economy (including unemployment) in any locality or region of the United States, and

(F) other relevant factors, including the applicant's lack of an exporting history during any base period that may be established with respect to export quotas for the particular good.

(2) The effect a finding in favor of the applicant would have on attainment of the basic objectives of the short supply control program.

In all cases, the desire to sell at higher prices and thereby obtain greater profits shall not be considered as evidence of a unique hardship, nor will circumstances where the hardship is due to imprudent acts or failure to act on the part of the petitioner.

PROCEDURES FOR PROCESSING EXPORT LICENSE APPLICATIONS

SEC. 10 (a) PRIMARY RESPONSIBILITY OF THE SECRETARY.—(1) All export license applications required under this Act shall be submitted by the applicant to the Secretary. All determinations with respect to any such application shall be made by the Secretary, subject to the procedures provided in this section.

(2) It is the intent of the Congress that a determination with respect to any export license application be made to the maximum extent possible by the Secretary without referral of such application to any other department or agency of the Government.

(3) To the extent necessary, the Secretary shall seek information and recommendations from the Government departments and agencies concerned with aspects of United States domestic and foreign policies and operations having an important bearing on exports. Such departments and agencies shall cooperate fully in rendering such information and recommendations.

(b) INITIAL SCREENING.—Within 10 days after the date on which any export license application is submitted pursuant to subsection (a)(1), the Secretary shall—

(1) send the applicant an acknowledgment of the receipt of the application and the date of the receipt;

(2) submit to the applicant a written description of the procedures required by this section, the responsibilities of the Secretary and of other departments and agencies with respect to the application, and the rights of the applicant;

(3) return the application without action if the application is improperly completed or if additional information is required, with sufficient information to permit the application to be properly resubmitted, in which case if such application is resubmitted, it shall be treated as a new application for the purpose of calculating the time periods prescribed in this section;

(4) determine whether it is necessary to refer the application to any other department or agency and, if such referral is determined to be necessary, inform the applicant of any such department or agency to which the application will be referred; and

(5) determine whether it is necessary to submit the application to a multilateral review process, pursuant to a multilateral agreement, formal or informal, to which the United States is a party and, if so, inform the applicant of this requirement.

(c) ACTION ON CERTAIN APPLICATIONS.—In each case in which the Secretary determines that it is not necessary to refer an application to any other department or agency for its information and recommendations, a license shall be formally issued or denied within 90 days after a properly completed application has been submitted pursuant to this section.

(d) REFERRAL TO OTHER DEPARTMENTS AND AGENCIES.—In each case in which the Secretary determines that it is necessary to refer an application to any other department or agency for its information and recommendations, the Secretary shall, within 30 days after the submission of a properly completed application—

(1) refer the application, together with all necessary analysis and recommendations of the Department of Commerce, concurrently to all such departments or agencies; and

(2) if the applicant so requests, provide the applicant with an opportunity to review for accuracy any documentation to be referred to any such department or agency with respect to such application for the purpose of describing the export in question in order to determine whether such documentation accurately describes the proposed export.

(e) ACTION BY OTHER DEPARTMENTS AND AGENCIES.—(1) Any department or agency to which an application is referred pursuant to subsection (d) shall submit to the Secretary, within 30 days after its receipt of the application, the information or recommendations requested with respect to such application. Except as provided in paragraph (2), any such department or agency which does not submit its recommendations within the time period prescribed in the preceding sentence shall be deemed by the Secretary to have no objection to the approval of such application.

(2) If the head of any such department or agency notifies the Secretary before the expiration of the time period provided in paragraph (1) for submission of its recommendations that more time is required for review by such department or agency, such department or agency shall have an additional 30-day period to submit its recommendations to the Secretary. If such department or agency does not submit its recommendations within the time period prescribed by the preceding sentence, it shall be deemed by the Secretary

to have no objection to the approval of such application.

(f) ACTION BY THE SECRETARY.—(1) Within 90 days after receipt of the recommendations of other departments and agencies with respect to a license application, as provided in subsection (e), the Secretary shall formally issue or deny the license. In deciding whether to issue or deny a license, the Secretary shall take into account any recommendation of a department or agency with respect to the application in question. In cases where the Secretary receives conflicting recommendations, the Secretary shall, within the 90-day period provided for in this subsection, take such action as may be necessary to resolve such conflicting recommendations.

(2) In cases where the Secretary receives questions or negative considerations or recommendations from any other department or agency with respect to an application, the Secretary shall, to the maximum extent consistent with the national security and foreign policy of the United States, inform the applicant of the specific questions raised and any such negative considerations or recommendations, and shall accord the applicant an opportunity, before the final determination with respect to the application is made, to respond in writing to such questions, considerations, or recommendations.

(3) In cases where the Secretary has determined that an application should be denied, the applicant shall be informed in writing, within 5 days after such determination is made, of the determination, of the statutory basis for denial, the policies set forth in section 3 of the Act which would be furthered by denial, and, to the extent consistent with the national security and foreign policy of the United States, the specific considerations which led to the denial, and of the availability of appeal procedures. In the event decisions on license applications are deferred inconsistent with the provisions of this section, the applicant shall be so informed in writing within 5 days after such deferral.

(4) If the Secretary determines that a particular application or set of applications is of exceptional importance and complexity, and that additional time is required for negotiations to modify the application or applications, the Secretary may extend any time period prescribed in this section. The Secretary shall notify the Congress and the applicant of such extension and the reasons therefor.

(g) SPECIAL PROCEDURES FOR SECRETARY OF DEFENSE.—(1) Notwithstanding any other provision of this section, the Secretary of Defense is authorized to review any proposed export of any goods or technology to any country to which exports are controlled for national security purposes and, whenever the Secretary of Defense determines that the export of such goods or technology will make a significant contribution, which would prove detrimental to the national security of the United States, to the military potential of any such country, to recommend to the President that such export be disapproved.

(2) Notwithstanding any other provision of law, the Secretary of Defense shall determine, in consultation with the Secretary, and confirm in writing the types and categories of transactions which should be reviewed by the Secretary of Defense in order to make a determination referred to in paragraph (1). Whenever a license or other authority is requested for the export to any country to which exports are controlled for national security purposes of goods or technology within any such type or category, the Secretary shall notify the Secretary of Defense of such request, and the Secretary may not issue any license or other authority pursuant to such request before the expiration of the period within which the President may disapprove such export. The Secretary of Defense shall carefully consider any notification submitted by the Secretary pursuant to this paragraph any, not later than 30 days after notification of the request, shall—

(A) recommend to the President that he disapprove any request for the export of the goods or technology involved to the particular country if the Secretary of Defense determines that the export of such goods or technology will make a significant contribution, which would prove detrimental to the national security of the United States, to the military potential of such country or any other country;

(B) notify the Secretary that he would recommend approval subject to specified conditions; or

(C) recommend to the Secretary that the export of goods or technology be approved.

If the President notifies the Secretary, within 30 days after receiving a recommendation from the Secretary of Defense, that he disapproves such export, no license or other authority may be issued for the export of such goods or technology to such country.

(3) The Secretary shall approve or disapprove a license application, and issue or deny a license, in accordance with the provisions of this subsection, and, to the extent applicable, in accordance with the time periods and procedures otherwise set forth in this section.

(4) Whenever the President exercises his authority under this subsection to modify or overrule a recommendation made by the Secretary of Defense or exercises his authority to modify or overrule any recommendation made by the Secretary of Defense under subsection (c) or (d) of section 5 of this Act with respect to the list of goods and technologies controlled for national security purposes, the President shall promptly transmit to the Congress a statement indicating his decision, together with the recommendation of the Secretary of Defense.

(h) MULTILATERAL CONTROL.—In any case in which an application which has been finally approved under subsection (c), (f), or (g) of this section, is required to be submitted to a multilateral review process, pursuant to a multilateral agreement, formal or informal, to which the United States is a party, the license shall not be issued as prescribed in such subsections, but the Secretary shall notify the applicant of the approval of the application (and the date of such approval) by the Secretary subject to such multilateral review. The license shall be issued upon approval of the application under such multilateral review. If such multilateral review has not resulted in a determination with respect to the application within 60 days after such date, the Secretary's approval of the license shall be final and the license shall be issued, unless the Secretary determines that issuance of the license would prove detrimental to the national security of the United States. At the time at which the Secretary makes such a determination, the Secretary shall notify the applicant of the determination and shall notify the Congress of the determination, the reasons for the determination, the reasons for which the multilateral review could not be concluded within such 60-day period, and the actions planned or being taken by the United States Government to secure conclusion of the multilateral review. At the end of every 60-day period after such notification to Congress, the Secretary shall advise the applicant and the Congress of the status of the application, and shall report to the Congress in detail on the reasons for the further delay and any further actions being taken by the United States Government to secure conclusion of the multilateral review. In addition, at the time at which the Secretary issues or denies the license upon conclusion of the multilateral review, the Secretary shall notify the Congress of such issuance or denial and of the total time required for the multilateral review.

(i) RECORDS.—The Secretary and any department or agency to which any application is referred under this section shall keep accurate records with respect to all applications considered by the Secretary or by any such department or agency, including, in the case of the Secretary, any dissenting recommendations received from any such department or agency.

(j) APPEAL AND COURT ACTION.—(1) The Secretary shall establish appropriate procedures for any applicant to appeal to the Secretary the denial of an export license application of the applicant.

(2) In any case in which any action prescribed in this section is not taken on a license application within the time periods established by this section (except in the case of a time period extended under subsection (f)(4) of which the applicant is notified), the applicant may file a petition with the Secretary requesting compliance with the requirements of this section. When such petition is filed, the Secretary shall take immediate steps to correct the situation giving rise to the petition and shall immediately notify the applicant of such steps.

(3) If, within 30 days after a petition is filed under paragraph (2), the processing of the application has not been brought into conformity with the requirements of this section, or the application has been brought into conformity with such requirements but the Secretary has not so notified the applicant, the applicant may bring an action in an appropriate United States district court for a restraining order, a temporary or permanent injunction, or other appropriate relief, to require compliance with the requirements of this section. The United States district courts shall have jurisdiction to provide such relief, as appropriate.

VIOLATIONS

SEC. 11. (a) IN GENERAL.—Except as provided in subsection (b) of this section, whoever knowingly violates any provision of this Act or any regulation, order, or license issued thereunder shall be fined not more than five times the value of the exports involved or $50,000, whichever is greater, or imprisoned not more than 5 years, or both.

(b) WILLFUL VIOLATIONS.—(1) Whoever willfully exports anything contrary to any provision of this Act or any regulation, order, or license issued thereunder, with knowledge that such exports will be used for the benefit of any country to which exports are restricted for national security or foreign policy purposes—(A) except in the case of an individual, shall be fined not more than five times the value of the exports involved or $1,000,000, whichever is greater; and (B) in the case of an individual, shall be fined not more than $250,000, or imprisoned not more than 10 years, or both.

(2) Any person who is issued a validated license under this Act for the export of any good or technology to a controlled country and who, with knowledge that such a good or technology is being used by such controlled country for military or intelligence gathering purposes contrary to the conditions under which the license was issued, willfully fails to report such use to the Secretary of Defense— (A) except in the case of an individual, shall be fined not more than five times the value of the exports involved or $1,000,000, whichever is greater; and (B) in the case of an individual, shall be fined not more than $250,000, or imprisoned for not more than 5 years or both. For purposes of this paragraph, "controlled country" means any country described in section 620(f) of the Foreign Assistance Act of 1961.

(c) CIVIL PENALTIES; ADMINISTRATIVE SANCTIONS.—(1) The head of any department or agency exercising any functions under this Act, or any officer or employee of such department or agency specifically designated by the head thereof, may impose a civil penalty not to exceed $10,000 for each violation of this Act or any regulation, order, or license issued under this Act, either in addition to or in lieu of any other liability or penalty which may be imposed, except that the civil penalty for each such violation involving national security controls imposed under section 5 of this Act or controls imposed on the export of defense articles and defense services under section 38 of the Arms Export Control Act may not exceed $100,000.

(2)(A) The authority under this Act to suspend or revoke the authority of any United States person to export goods or technology may be used with respect to any violation of the regulations issued pursuant to section 8(a) of this Act.

(B) Any administrative sanction (including any civil penalty or any suspension or revocation of authority to export) imposed under this Act for a violation of the regulations issued pursuant to section 8(a) of this Act may be imposed only after notice and opportunity for an agency hearing on the record in accordance with sections 554 through 557 of title 5, United States Code.

(C) Any charging letter or other document initiating administrative proceedings for the imposition of sanctions for violations of the regulations issued pursuant to section 8(a) of this Act shall be made available for public inspection and copying.

(d) PAYMENT OF PENALTIES.—The payment of any penalty imposed pursuant to subsection (c) may be made a condition, for a period not exceeding one year after the imposition of such penalty, to the granting, restoration, or continuing validity of any export license, permission, or privilege granted or to be granted to the person upon whom such penalty is imposed. In addition, the payment of any penalty imposed under subsection (c) may be deferred or suspended in whole or in part for a period of time no longer than any probation period (which may exceed one year) that may be imposed upon such person. Such deferral or suspension shall not operate as a bar to the collection of the penalty in the event that the conditions of the suspension, deferral, or probation are not fulfilled.

(e) REFUNDS.—Any amount paid in satisfaction of any penalty imposed pursuant to subsection (c) shall be covered into the Treasury as a miscellaneous receipt. The head of the department or agency concerned may, in his discretion, refund any such penalty, within 2 years after payment, on the ground of a material error of fact or law in the imposition of the penalty. Notwithstanding section 1346(a) of title 28, United States Code, no action for the refund of any such penalty may be maintained in any court.

(f) ACTIONS FOR RECOVERY OF PENALTIES.—In the event of the failure of any person to pay a penalty imposed pursuant to subsection (c), a civil action for the recovery thereof may, in the discretion of the head of the department or agency concerned, be brought in the name of the United States. In any such action, the court shall determine de novo all issues necessary to the establishment of liability. Except as provided in this subsection and in subsection (d), no such liability shall be asserted, claimed, or recovered upon by the United States in any way unless it has previously been reduced to judgment.

(g) OTHER AUTHORITIES.—Nothing in subsection (c), (d), or (f) limits—

(1) the availability of other administrative or judicial remedies with respect to violations of this Act, or any regulation, order, or license issued under this Act;

(2) the authority to compromise and settle administrative proceedings brought with respect to violations of this Act, or any regulation, order, or license issued under this Act; or

(3) the authority to compromise, remit, or mitigate seizures, and forfeitures pursuant to section 1(b) of title VI of the Act of June 15, 1917 (22 U.S.C. 401(b)).

ENFORCEMENT

SEC. 12. (a) GENERAL AUTHORITY.—To the extent necessary or appropriate to the enforcement of this Act or to the imposition of any

AVAILABLE

penalty, forfeiture, or liability arising under the Export Control Act of 1949 or the Export Administration Act of 1969, the head of any department or agency exercising any function thereunder (and officers or employees of such department or agency specifically designated by the head thereof) may make such investigations and obtain such information from, require such reports or the keeping of such records by, make such inspection of the books, records, and other writings, premises, or property of, and take the sworn testimony of, any person. In addition, such officers or employees may administer oaths or affirmations, and may by subpoena require any person to appear and testify or to appear and produce books, records, and other writings, or both, and in the case of contumacy by, or refusal to obey a subpoena issued to, any such person, the district court of the United States for any district in which such person is found or resides or transacts business, upon application, and after notice to any such person and hearing, shall have jurisdiction to issue an order requiring such person to appear and give testimony or to appear and produce books, records, and other writings, or both, and any failure to obey such order of the court may be punished by such court as a contempt thereof.

(b) IMMUNITY.—No person shall be excused from complying with any requirements under this section because of his privilege against self-incrimination, but the immunity provisions of section 6002 of title 18, United States Code, shall apply with respect to any individual who specifically claims such privilege.

(c) CONFIDENTIALITY.—(1) Except as otherwise provided by the third sentence of section 8(b)(2) and by section 11(c)(2)(C) of this Act, information obtained under this Act on or before June 30, 1980, which is deemed confidential, including Shippers' Export Declarations, or with reference to which a request for confidential treatment is made by the person furnishing such information, shall be exempt from disclosure under section 552 of title 5, United States Code, and such information shall not be published or disclosed unless the Secretary determines that the withholding thereof is contrary to the national interest. Information obtained under this Act after June 30, 1980, may be withheld only to the extent permitted by statute, except that information obtained for the purpose of consideration of, or concerning, license applications under this Act shall be withheld from public disclosure unless the release of such information is determined by the Secretary to be in the national interest. Enactment of this subsection shall not affect any judicial proceeding commenced under section 552 of title 5, United States Code, to obtain access to boycott reports submitted prior to October 31, 1976, which was pending on May 15, 1979; but such proceeding shall be continued as if this Act had not been enacted.

(2) Nothing in this Act shall be construed as authorizing the withholding of information from the Congress or from the General Accounting Office. All information obtained at any time under this Act or previous Acts regarding the control of exports, including any report or license application required under this Act, shall be made available to any committee or subcommittee of Congress of appropriate jurisdiction upon request of the chairman or ranking minority member of such committee or subcommittee. No such committee or subcommittee, or member thereof, shall disclose any information obtained under this Act or previous Acts regarding the control of exports which is submitted on a confidential basis unless the full committee determines that the withholding of that information is contrary to the national interest. Notwithstanding paragraph (1) of this subsection, information referrred to in the second sentence of this paragraph shall, consistent with the protection of intelligence, counterintelligence, and law enforcement sources, methods, and activities, as determined by the agency that originally obtained the information, and consistent with the provisions of section 313 of the Budget and Accounting Act, 1921, be made available only by that agency, upon request, to the Comptroller General of the United States or to any officer or employee of the General Accounting Office who is authorized by the Comptroller General to have access to such information. No officer or employee of the General Accounting Office shall disclose, except to the Congress in accordance with this paragraph, any such information which is submitted on a confidential basis and from which any individual can be identified.

(3) Departments or agencies which obtain information which is relevant to the enforcement of this Act shall furnish such information to the department or agency with enforcement responsibilities under this Act to the extent consistent with the protection of intelligence, counterintelligence, and law enforcement sources, methods, and activities. The provisions of this paragraph shall not apply to information subject to the restrictions set forth in section 9 of title 13, United States Code; and return information, as defined in subsection (b) of section 6103 of the Internal Revenue Code of 1954, may be disclosed only as authorized by such section.

(d) REPORTING REQUIREMENTS.—In the administration of this Act, reporting requirements shall be so designed as to reduce the cost of reporting, recordkeeping, and export documentation required under this Act to the extent feasible consistent with effective enforcement and compilation of useful trade statistics. Reporting, recordkeeping and export documentation requirements shall be periodically reviewed and revised in the light of developments in the field of information technology.

(e) Simplification of Regulations.—The Secretary, in consultation with appropriate United States Government departments and agencies and with appropriate technical advisory committees established under section 5(h), shall review the regulations issued under this Act and the commodity control list in order to determine how compliance with the provisions of this Act can be facilitated by simplifying such regulations, by simplifying or clarifying such list, or by any other means.

EXEMPTION FROM CERTAIN PROVISIONS RELATING TO ADMINISTRATIVE PROCEDURE AND JUDICIAL REVIEW

Sec. 13. (a) Exemption.—Except as provided in section 11(c)(2), the functions exercised under this Act are excluded from the operation of sections 551, 553 through 559, and 701 through 706 of title 5, United States Code.

(b) Public Participation.—It is the intent of the Congress that, to the extent practicable, all regulations imposing controls on exports under this Act be issued in proposed form with meaningful opportunity for public comment before taking effect. In cases where a regulation imposing controls under this Act is issued with immediate effect, it is the intent of the Congress that meaningful opportunity for public comment also be provided and that the regulation be reissued in final form after public comments have been fully considered.

ANNUAL REPORT

Sec. 14. (a) Contents.—Not later than December 31 of each year, the Secretary shall submit to the Congress a report on the administration of this Act during the preceding fiscal year. All agencies shall cooperate fully with the Secretary in providing information for such report. Such report shall include detailed information with respect to—

(1) the implementation of the policies set forth in section 3;

(2) general licensing activities under sections 5, 6, and 7, and any changes in the exercise of the authorities contained in sections 5(a), 6(a), and 7(a);

(3) the results of the review of United States policy toward individual countries pursuant to section 5(b);

(4) the results, in as much detail as may be included consistent with the national security and the need to maintain the confidentiality of proprietary information, of the actions, including reviews and revisions of export controls maintained for national security purposes, required by section 5(c)(3);

(5) actions taken to carry out section 5(d);

(6) changes in categories of items under export control referred to in section 5(e);

(7) determinations of foreign availability made under section 5(f), the criteria used to make such determinations, the removal of any export controls under such section, and any evidence demonstrating a need to impose export controls for national security purposes notwithstanding foreign availability;

(8) actions taken in compliance with section 5(f)(5);

(9) the operation of the indexing system under section 5(g);

(10) consultations with the technical advisory committees established pursuant to section 5(h), the use made of the advice rendered by such committees, and the contributions of such committees toward implementing the policies set forth in this Act;

(11) the effectiveness of export controls imposed under section 6 in furthering the foreign policy of the United States;

(12) export controls and monitoring under section 7;

(13) the information contained in the reports required by section 7(b)(2), together with an analysis of—

(A) the impact on the economy and world trade of shortages or increased prices for commodities subject to monitoring under this Act or section 812 of the Agricultural Act of 1970;

(B) the worldwide supply of such commodities; and

(C) actions being taken by other countries in response to such shortages or increased prices;

(14) actions taken by the President and the Secretary to carry out the antiboycott policies set forth in section 3(5) of this Act;

(15) organizational and procedural changes undertaken in furtherance of the policies set forth in this Act, including changes to increase the efficiency of the export licensing process and to fulfill the requirements of section 10, including an analysis of the time required to process license applications, the number and disposition of export license applications taking more than 90 days to process,

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and an accounting of appeals received, court orders issued, and actions taken pursuant thereto under subsection (j) of such section;

(16) delegations of authority by the President as provided in section 4(e) of this Act;

(17) efforts to keep the business sector of the Nation informed with respect to policies and procedures adopted under this Act;

(18) any reviews undertaken in furtherance of the policies of this Act, including the results of the review required by section 12(d), and any action taken, on the basis of the review required by section 12(e), to simplify regulations issued under this Act;

(19) violations under section 11 and enforcement activities under section 12; and

(20) the issuance of regulations under the authority of this Act, including an explanation of each case in which regulations were not issued in accordance with the first sentence of section 13(b).

(b) Report on Certain Export Controls.—To the extent that the President determines that the policies set forth in section 3 of this Act require the control of the export of goods and technology other than those subject to multilateral controls, or require more stringent controls than the multilateral controls, the President shall include in each annual report the reasons for the need to impose, or to continue to impose, such controls and the estimated domestic economic impact on the various industries affected by such controls.

(c) Report on Negotiations.—The President shall include in each annual report a detailed report on the progress of the negotiations required by section 5(i), until such negotiations are concluded.

REGULATORY AUTHORITY

Sec. 15. The President and the Secretary may issue such regulations as are necessary to carry out the provisions of this Act. Any such regulations issued to carry out the provisions of section 5(a), 6(a), 7(a), or 8(b) may apply to the financing, transporting, or other servicing of exports and the participation therein by any person.

DEFINITIONS

Sec. 16. As used in this Act—

(1) the term "person" includes the singular and the plural and any individual, partnership, corporation, or other form of association, including any government or agency thereof;

(2) the term "United States person" means any United States resident or national (other than an individual resident outside the United States and employed by other than a United States person), any domestic concern (including any permanent domestic establishment of any foreign concern) and any foreign subsidiary or affiliate (including any permanent foreign establishment) of any domestic concern which is controlled in fact by such domestic concern, as determined under regulations of the President;

(3) the term "good" means any article, material, supply or manufactured product, including inspection and test equipment, and excluding technical data;

(4) the term "technology" means the information and know how that can be used to design, produce, manufacture, utilize, or reconstruct goods, including computer software and technical data, but not the goods themselves; and

(5) the term "Secretary" means the Secretary of Commerce.

EFFECT ON OTHER ACTS

Sec. 17. (a) In General.—Nothing contained in this Act shall be construed to modify, repeal, supersede, or otherwise affect the provisions of any other laws authorizing control over exports of any commodity.

(b) Coordination of Controls.—The authority granted to the President under this Act shall be exercised in such manner as to achieve effective coordination with the authority exercised under section 38 of the Arms Export Control Act (22 U.S.C. 2778).

(c) Civil Aircraft Equipment.—Notwithstanding any other provision of law, any product (1) which is standard equipment, certified by the Federal Aviation Administration, in civil aircraft and is an integral part of such aircraft, and (2) which is to be exported to a country other than a controlled country, shall be subject to export controls exclusively under this Act. Any such product shall not be subject to controls under section 38(b)(2) of the Arms Export Control Act. For purposes of this subsection, the term "controlled country" means any country described in section 620(f) of the Foreign Assistance Act of 1961.

(d) Nonproliferation Controls.—(1) Nothing in section 5 or 6 of this Act shall be construed to supersede the procedures published by the President pursuant to section 309(c) of the Nuclear Non-Proliferation Act of 1978.

(2) With respect to any export license application which, under the procedures published by the President pursuant to section 309(c) of the Nuclear Non-Proliferation Act of

1978, is referred to the Subgroup on Nuclear Export Coordination or other interagency group, the provisions of section 10 of this Act shall apply with respect to such license application only to the extent that they are consistent with such published procedures, except that if the processing of any such application under such procedures is not completed within 180 days after the receipt of the application by the Secretary, the applicant shall have the rights of appeal and court action provided in section 10(j) of this Act.

(e) TERMINATION OF OTHER AUTHORITY.—On October 1, 1979, the Mutual Defense Assistance Control Act of 1951 (22 U.S.C. 1611—1613d) is superseded.

AUTHORIZATION OF APPROPRIATIONS

SEC. 18. (a) REQUIREMENT OF AUTHORIZING LEGISLATION.—Notwithstanding any other provision of law, no appropriation shall be made under any law to the Department of Commerce for expenses to carry out the purposes of this Act unless previously and specifically authorized by law.

(b) AUTHORIZATION.—There are authorized to be appropriated to the Department of Commerce to carry out the purposes of this Act—

(1) $9,659,000 for each of the fiscal years 1982 and 1983[4]; and of which $1,250,000 shall be available for each such fiscal year only for purposes of carrying out foreign availability assessments pursuant to section 5(f)(5), and

(2) such additional amounts, for each such fiscal year, as may be necessary for increases in salary, pay, retirement, other employee benefits authorized by law, and other nondiscretionary costs.

EFFECTIVE DATE

SEC. 19. (a) EFFECTIVE DATE.—This Act shall take effect upon the expiration of the Export Administration Act of 1969.

(b) ISSUANCE OF REGULATIONS.—(1) Regulations implementing the provisions of section 10 of this Act shall be issued and take effect not later than July 1, 1980.

(2) Regulations implementing the provisions of section 7(c) of this Act shall be issued to take effect not later than January 1, 1980.

TERMINATION DATE

SEC. 20. The authority granted by this Act terminates on September 30, 1983, or upon any prior date which the President by proclamation may designate.

SAVINGS PROVISIONS

SEC. 21. (a) IN GENERAL.—All delegations, rules, regulations, orders, determinations, licenses, or other forms of administrative action which have been made, issued, conducted, or allowed to become effective under the Export Control Act of 1949 or the Export Administration Act of 1969 and which are in effect at the time this Act takes effect shall continue in effect according to their terms until modified, superseded, set aside, or revoked under this Act.

(b) ADMINISTRATIVE PROCEEDINGS.—This Act shall not apply to any administrative proceedings commenced or any application for a license made, under the Export Administration Act of 1969, which is pending at the time this Act takes effect.

TECHNICAL AMENDMENTS

SEC. 22. (a) Section 38(e) of the Arms Export Control Act (22 U.S.C. 2778(e)) is amended by striking out "sections 6(c), (d), (e), and (f) and 7(a) and (c) of the Export Administration Act of 1969" and inserting in lieu thereof "subsections (c), (d), (e), and (f) of section 11 of the Export Administration Act of 1979, and by subsections (a) and (c) of section 12 of such Act."

(b) (1) Section 103(c) of the Energy Policy and Conservation Act (42 U.S.C. 6212(c)) is amended—

(A) by striking out "1969" and inserting in lieu thereof "1979"; and

(B) by striking out "(A)" and inserting in lieu thereof "(C)".

(2) Section 254(e)(3) of such Act (42 U.S.C. 6274(e)(3)) is amended by striking out "section 7 of the Export Administration Act of 1969" and inserting in lieu thereof "section 12 of the Export Administration Act of 1979".

(c) Section 993(c)(2)(D) of the Internal Revenue Code of 1954 (26 U.S.C. 933(c)(2)(D)) is amended—

(1) by striking out "4(b) of the Export Administration Act of 1969 (50 U.S.C. App. 2403(b))" and inserting in lieu thereof "7(a) of the Export Administration Act of 1979"; and

(2) by striking out "(A)" and inserting in lieu thereof "(C)".

INTERNATIONAL INVESTMENT SURVEY ACT AUTHORIZATIONS

SEC. 23. (a) Section 9 of the International Investment Survey Act of 1976 (22 U.S.C. 3108) is amended to read as follows:

AUTHORIZATIONS

"Sec. 9. To carry out this Act, there are authorized to be appropriated $4,400,000 for the fiscal year ending September 30, 1980, and $4,500,000 for the fiscal year ending September 30, 1981."

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[4] This amendment is effective as of October 1, 1981. See Public Law 97-145, Sec. 2(b).

(b) The amendment made by subsection (a) shall take effect on October 1, 1979.

MISCELLANEOUS

SEC. 24. Section 402 of the Agricultural Trade Development and Assistance Act of 1954 is amended by inserting "or beer" in the second sentence immediately after "wine."

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APPENDIX B

Executive Order 12470 of March 30, 1984 Continuation of Export Control Regulations

By the authority vested in me as President by the Constitution and laws of the United States of America, including section 203 of the International Emergency Economic Powers Act (50 U.S.C. 1702) (hereinafter referred to as "the Act"), and 22 U.S.C. 287c,

"I, RONALD REAGAN, President of the United States of America, find that the unrestricted access to foreign parties to the United States commercial goods, technology, and technical data and the existence of certain boycott practices of foreign nations constitute, in light of the expiration of the Export Administration Act of 1979, an unusual and extraordinary threat to the national security, foreign policy and economy of the United States and hereby declare a national economic emergency to deal with that threat.

"Accordingly, in order (a) to exercise the necessary vigilance over exports from the standpoint of their significance to the national security of the United States; (b) to further significantly the foreign policy of the United States, including its policy with respect to cooperation by United States persons with certain foreign boycott activities, and to fulfill its international responsibilities; and (c) to protect the domestic economy from the excessive drain of scarce materials and reduce the serious economic impact of foreign demand, it is hereby ordered as follows:

"Section 1. Notwithstanding the expiration of the Export Administration Act of 1979, as amended (50 U.S.C. App. 2401 *et seq.*), the provisions of that Act, the provisions for administration of that Act and the delegations of authority set forth in Executive Order No. 12002 of July 7, 1977 and Executive Order 12214 of May 2, 1980, shall, to the extent permitted by law, be incorporated in this Order and shall continue in full force and effect.

"Sec. 2. All rules and regulations issued or continued in effect by the Secretary of Commerce under the authority of the Export Administration Act of 1979, as amended, including those published in Title 15 Chapter III, Subchapter C, of the Code of Federal Regulations, Parts 368 to 399 inclusive, and all orders, regulations, licenses and other forms of administrative action issued, taken or continued in effect pursuant thereto, shall, until amended or revoked by the Secretary of Commerce, remain in full force and effect, the same as is issued or taken pursuant to this Order, except that the provisions of sections 203(b)(2) and 206 of the Act (50 U.S.C. 1702(b)(2) and 1705) shall control over any inconsistent provisions in the regulations with respect to, respectively, certain donations to relieve human suffering and civil and criminal penalties for violations subject to this Order. Nothing in this section shall affect the continued applicability of administrative sanctions provided for by the regulations described above.

"Sec. 3. Provisions for the administration of section 38(e) of the Arms Export Control Act (22 U.S.C. 2778(e)) may be made and shall continue in full force and effect until amended or revoked under the authority of section 203 of the Act (50 U.S.C. 1702). To the extent permitted by law, this Order also shall constitute authority for the issuance and continuation in full force and effect of all rules and regulations by the President or his delegate, and all orders, licenses, and other forms of administrative action issued, taken or continued in effect pursuant thereto, relating to the administration of section 38(e).

"Sec. 4. This Order shall be effective as of midnight between March 30 and March 31, 1984 and shall remain in effect until terminated. It is my intention to terminate this Order upon the enactment into law of a bill reauthorizing the authorities contained in the Export Administration Act."

RONALD REAGAN

THE WHITE HOUSE
MARCH 30, 1984

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APPENDIX C

Unilateral Review of National Security Controls

The Department of Commerce continues to review Commodity Control List (CCL) entries in an effort to reduce controls to the minimum level consistent with the national security, foreign policy, and short supply provisions of the Act.

The Department's investigation of CCL entries controlled unilaterally for national security reasons has proceeded for the most part independently of the multilateral (COCOM) List Review. In certain instances, unilaterally controlled items are related to COCOM-controlled items, and their control status depends on COCOM List Review action. In determining what should be controlled unilaterally, the Department consults with other agencies of the Federal Government.

Accordingly, the commodities covered by each of the unilaterally controlled entries on the CCL were reviewed by technicians in the Office of Export Administration (OEA) and their findings were referred to the Department's advisory agencies, along with the Department's recommendation for addition, deletion, modification, or retention of the existing controls. At the end of FY 1984, there were 29 entries on the CCL controlled unilaterally for national security reasons.

The actions taken up to the end of this fiscal year are summarized below.

Decontrol Actions

There were no decontrol actions during the current reporting period.

New Control Actions

There were no additional unilateral controls imposed during the current reporting period.

Retention of Controls

Commodities covered by the following entries have been found to require continued control for national security reasons even in those cases where an item may be available from foreign sources. The reason for retention follows each entry or group of entries.

4203B—Electric furnaces specially designed for the production or processing of vapor deposited (pyrolytic) graphite or doped graphites, whether as standing bodies, coatings, linings, or substrates; and parts, accessories, and attachments, n.e.s.

Pyrolytic graphite furnaces are used in the manufacture of components having significant aerospace and nuclear uses as well as some peaceful uses. The most important graphite forms produced are rocket nozzles and combustion chamber linings, rocket nose cones, and nuclear reactor components. Available information indicates that the United States retains control over pyrolytic graphite production technology, especially for aerospace and nuclear applications. Because these furnaces have significant application in the development and production of components required in military hardware and there is a high degree of unilateral control, this item is retained under validated license control to all destinations.

5399D—Other general industrial equipment, n.e.s, *except those listed in Supplement No. 1 to section 399.2, Interpretation 29;* and parts and accessories, n.e.s.

This "basket" entry covers all general industrial equipment not elsewhere specified in individual entries on the CCL and not specifically exempted from national security controls by inclusion in Interpretation 29 of section 399.2 of the Export Administration Regulations. This entry, and other "basket" entries, are needed because it is not possible to identify and categorize everything produced in the United States in terms of the impact exports would have on our national security. However, as peaceful goods are identified from export license applications or inquiries, the Department, in consultation with its advisory departments and agencies, removes them from control for national security reasons by adding them to the list of commodities in Interpretation 29. This entry is retained on the CCL, but the scope of the entry is modified by continual exclusion from control of items placed in Interpretation 29.

5406D—Diesel engines, nonmagnetic, 50 brake horsepower and over, having a nonmagnetic content exceeding 50 percent, up to but not exceeding 75 percent of total weight; and parts and accessories, n.e.s.

The nonmagnetic diesel engine was developed as a special power unit for use in minesweeping craft. The nonmagnetic characteristic, while absolutely necessary for protection from magnetic influence mines, is economically unattractive in commercial use. While such engines can be manufactured in most industrial nations, they are produced only in response to naval service procurement requests. Because of the specialized military application of these engines, the entry is retained on the CCL without change.

4409B—Water tube boilers, marine type, designed to have a heat release rate (at maximum rating) equal to 180,000 BTU, up to but not including 190,000 BTU per hour per cubic foot of furnace volume; boiler superheaters, feedwater heaters, and economizers therefor; and parts and accessories therefor.

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Designed to military specifications for enhanced performance, the boilers and accessories covered by this entry are used almost exclusively in naval noncombatant auxiliary vessels, such as fast support ships for combat vessels, submarine tenders, ammunition ships, and attack cargo ships. Such steam generation equipment is not normally used in commercial vessels. While all major industrial powers supporting a naval service are capable of producing similar equipment, foreign sources cannot supply equipment totally comparable to that produced by the United States. Therefore, the entry is retained on the CCL without change.

4431B—Other marine propulsion steam turbines specially designed for naval use; and parts and accessories, n.e.s.

Designed to meet special technical specifications for enhanced performance, these naval propulsion units are almost exclusively installed in fast noncombatant naval vessels used to support combat ships. Such turbines are not normally used in commercial vessels. All the major industrial nations that support a naval force are capable of producing similar equipment. However, specialized U.S. design and metallurgical know-how preclude foreign supply of turbines totally comparable to those of U.S. design. This entry, therefore, is retained on the CCL without change.

5431D—Compressors, fans, and blowers, any type, specially designed or modified for military or naval shipboard use; and parts and attachments, n.e.s.

The commodities covered by this entry are gas and fluid moving devices whose performance has been specially enhanced to meet military or naval requirements. There are few, if any, civilian applications. Although produced abroad, their specialized use in naval ships, combat vehicles, missile systems, and other military applications is overriding. The entry, therefore, is retained on the CCL without change.

4460B—Nonmilitary aircraft and helicopters, aeroengines, and aircraft and helicopter equipment (see CCL for complete text).

The aircraft engines covered by this entry are retained under full destinational control because many aircraft engines used in the civil sector are based on the advanced technology used in the production of military engines. Information obtained from the engines, such as design scheme, physical characteristics of components, and materials chemistry, could reveal technological advancements in U.S. military engines and thus diminish the Western technological lead in this area.

The commodities covered by part (b) of this entry are retained under full destinational control because they are airframe parts for aircraft under multilateral control. These controls are retained to protect any emerging technologies relevant to advanced airframe construction.

5510D—Doppler sonar navigation equipment; and parts and accessories therefor.

Doppler sonar navigation equipment is used primarily for marine and submarine navigation. When coupled with a digital computer, gyrocompass, satellite receiver, and auxiliary sensors, it creates a high-precision integrated navigational system. Such systems have important military applications on naval surface vessels and in submarines, in deep submergence vehicle programs, and in antisubmarine warfare There is very limited foreign production, and comparability to the U.S. equipment is questionable. In view of the potential military uses and the limited foreign availability, the entry is retained on the CCL without change.

4516B—Communications countermeasures equipment (electronic, mechanical, optical, or other) capable of detecting, monitoring, locating, or jamming surreptitious intercepting devices, *including but not limited to* special purpose broadband monitoring receivers with detection capabilities; optical and video detectors; microphone detectors; non-linear junction detectors; telephone analyzers; and special purpose spectrum analyzers; and parts and accessories, n.e.s.

Retained under full destinational control for national security reasons that are classified by the intelligence community.

4529B—Other instruments, n.e.s, for measuring, indicating, recording, testing, or controlling electronic, electric, or noneletric quantities that incorporate digital computers defined in entry No. 1565 subentries (d) and (e); and parts and accessories, n.e.s.

This entry is a "basket" that covers physical and electrical property measuring instruments containing computers or computing elements. The Department has been actively pursuing efforts aimed at eliminating this entry, retaining multilateral coverage, where justifiable, based on the instrument's principal characteristics rather than unilaterally by its computing element performance or capability.

Continued negotiations with the Department of Defense have been partially successful. On April 26, 1984 an agreement resulted in the decontrol of a significant portion of the instruments controlled under this entry.

This decontrol was based on a review by DOD to determine which laboratory instruments with built-in computing capability would be militarily non-critical. This resulted in Interpretation 8, Supplement No. 1 to Section 399.2, which placed those instruments in ECCN 6599G.

The Department of Commerce is still actively pursuing either outright decontrol or transferring of the items to the appropriate multilaterally controlled entry, either the instrument's principal characteristic, or to the computer entry, 1565, if appropriate.

With respect to 1565, negotiations continue with the Department of Defense to raise the unilateral control levels for computers exportable under special license to both COCOM member countries and to the Free World (Part 373). A formal request was made a year ago by the Computer Systems Technical Advisory Committee to raise these levels, based upon known foreign availability in both those geographical areas. Agreement has already been reached with the Department of Energy, but any relaxation of these parameters awaits the agreement of the Department of Defense.

5565D—Equipment, n.e.s, containing or incorporating an array transform processor (for example, nuclear magnetic resonance analyzers, biomedical analyzers, X-ray scanner/analyzers, simulator systems, auto visual inspection systems, vibration and noise analyzers, and nuclear particle/emission analyzers). (Array transform processors and parts therefor, when exported alone or as spares or replacements are controlled by entry No. 1565.)

This equipment is continued under unilateral control because highly strategic units are contained in the total equipment. Control is required to prevent diversion of the sensitive parts. A U.S. proposal was pending to add coverage for this in the COCOM list.

Computers with processing data rates above a certain level are controlled to COCOM and to the Free World for nuclear non-proliferation reasons. The suggestion has been made in the Computer Systems TAC that these rates should be raised to reflect technological progress and foreign availability. Energy and Defense are being consulted for both COCOM countries and the Free World.

5568D—Equipment, as follows: Certain synchronous motors; certain servo control units, linear induction potentiometers, induction rate generators, synchros, and resolvers; instruments which perform functions similar to synchros or resolvers; and parts and accessories therefor (see CCL for complete text).

Because of significant foreign availability, this entry is currently undergoing interagency review with a view toward decontrol.

4585B—Photographic equipment (see CCL for complete text).

The streak cameras covered in this entry are predominantly used in the United States for military ordnance and for research and development work on weapons and weapons delivery systems. Available evidence indicates that there is only limited foreign availability. Because of the predominant military applications, the entry is being retained on the CCL without change.

The review of aerographic films covered by parts (b) through (e) of this entry has revealed that these films are specifically designed for aerial reconnaissance, for photography from space vehicles and aircraft, and for other strategic purposes, and there is no foreign availability of comparable films.

5585D—Photographic equipment, as follows:

(a) Other high-speed continuous writing, rotating drum cameras capable of recording at rates in excess of 2,000 frames per second, and parts and accessories, n.e.s.; and

(b) Other 16 mm high-speed motion picture cameras capable of recording at rates in excess of 2,000 frames per second, and parts and accessories, n.e.s.

These high-speed cameras are used primarily in the areas of ballistics, missile, and aircraft development. There is no information available indicating that comparable cameras are produced abroad. In view of the strategic uses and lack of demonstrated foreign availability this entry is retained on the CCL without change.

4590B—Multispectral image processing systems or digital image display enhancement equipment which provide or accept signals of sufficient composite information that when connected to an optical display device will have *all* of the following capabilities:

(a) Image construction of at least 60 Raster lines (*i.e.*, 60x60 resolvable elements, 60x60 resolution cells or Pixels, or 60x60 images);
(b) Each image element is capable of being displayed in at least 16 different shades of color or gray; and
(c) The system has conversion and synchronization circuitry suitable for driving a TV monitor, storage display, graphic memory, memory refreshment, or other type of optical display devices; and
(d) Parts, components, and assemblies therefor.

This entry was added to the CCL pending COCOM consideration of a U.S. proposal to revise multilateral controls on computers. It is being retained under unilateral control pending the outcome of the COCOM negotiations and will be reevaluated in the event these negotiations fail.

4592B—Equipment for measuring pressures to 100 Torr or less having corrosion-resistant sensing elements of nickel, nickel alloys, phosphor bronze, stainless steel, or aluminum.

This entry was requested by the Department of Energy due to concern over contributions this equipment could make to nuclear weapons development or production. This recent entry is retained under unilateral controls since the Department of Energy's concerns still exist.

5595D—Other gravity meters (gravimeters) and parts and accessories therefor.

Retained under unilateral control because data obtained from gravity surveys can be used to provide accelerometer corrections to inertial navigation units in ICBM's, thereby increasing the accuracy of the ICBM's. There is little foreign availability; consequently, this entry is retained on the CCL without change.

5596D—Capacitance strain gages designed for operation at temperatures of +600°F and over; and parts and accessories therefor.

Capacitance strain gages covered by this entry are used in weapons system development, missiles, spacecraft engines, and military aircraft engines. They have been developed and produced in the United States under military contract and have very limited civilian uses. The one capacitance strain gage known to be produced abroad is only marginally comparable. Therefore, this entry is being retained on the CCL without change.

4601B—Aircraft landing mats.

The landing mats covered by this entry are portable and are used almost exclusively for the military. The patent rights are held by the U.S. Navy. There is no evidence of foreign availability. Accordingly, this entry is retained on the CCL without change.

4635B—Pressure tube, pipe, and fittings thercfor, of 8 inches or more inside diameter, having a wall thickness of 8 percent or more of the inside diameter and made of:

(a) Stainless steel,
(b) Copper-nickel alloy, or
(c) Other alloy steel containing 10 percent or more nickel and/or chromium.

The commodities in this entry are used in naval nuclear propulsion applications. They are specialty items not in general commercial use.

The Department of Energy urged continued control pursuant to the U.S. Government's naval nuclear propulsion policy. Therefore, the entry is retained on the CCL without change.

4707B—(a) Certain chemicals and (b) certain synthetic organic agricultural chemicals (see CCL for complete text).

The chemicals in part (a) of this entry are important precursors for the preparation of chemical warfare agents. There is no evidence of foreign availability of production quantities. While there are some civilian uses for some of these chemicals, *e.g.*, as laboratory research reagents and as intermediates in pharmaceutical production, their potential for use in the development of chemical warfare (CW) agents make them militarily significant. The commodities covered by part (b) are CW agents, their agricultural uses notwithstanding. While it is believed that some of the chemicals are produced abroad, full comparability has not been established. Accordingly, this entry is retained on the CCL without change.

4721B—Helium isotopically enriched in the helium-3 isotope, in any form or quantity, and whether or not admixed with other materials, or contained in any equipment or device.

The isotopic component of helium is used in the nuclear weapons program, and when reconverted to tritium, has added significant strategic application. There is no known foreign availability. Accordingly, this entry is retained on the CCL without change.

4746B—Polymeric substances, thermally stable, having weight loss of 15 percent or less after exposure for 24 hours to a temperature of 400°C (752°F) in air, and manufactures thereof, where the value of the polymeric component, either alone or in combination with other materials included on the Commodity Control List under an Export Control Commodity Number that is followed by the code letter "A", is 50 percent or more of the total value of the materials. (See CCL for examples.)

The polymeric substances and their manufactures covered by this entry possess unique properties needed for missile weaponry and aircraft development. Actual civilian usage of these materials is nonexistent or still in the experimental stage. There is no evidence of foreign production of these polymers, and the entry is retained on the CCL without change.

4754B—Certain synthetic resins (see CCL for complete text).

The irradiated polyolefin and hot stretched acrylic products covered by parts (a) and (b) of this entry have predominantly military end-use patterns, and the United States has unilateral control of their production technologies. They are retained on the CCL without change. Parts (c) and (d) are, in effect, broad "baskets" for an unknown number of fluorocarbon polymer systems and their manufactures. There is active research and development occurring in this product category for both military and civilian uses. These "baskets" are retained on the CCL to assure coverage of militarily oriented products. As nonstrategic products are identified, they will be excluded from control.

4755B—Silicone fluids and resins, as follows:

(a) Silicone diffusion pump fluids having the capacity for producing ultimate pressures of less than 10^{-8} Torr; and

(b) Thermally stable silicone resins capable of withstanding temperatures of 752°F (400°C) and greater with weight losses of 15 percent or less over a 24-hour test.

The silicone pump fluids covered by part (a) of this entry are used in environmental test chambers, atomic and nuclear equipment, and thin film deposition equipment for microelectronic and specialized optical device manufacture. The thermally stable silicone resins covered by part (b) are specialty aerospace coatings. There is no evidence of production abroad of comparable products. Accordingly, this entry is retained on the CCL without change.

4757B—Single crystal sapphire substances.

These substrates are used in the production of integrated electronic device systems for military purposes, and the United States has unilateral control of their production technology.

5799B—Other chemicals, chemical materials and products, plastic materials, regenerated cellulose, artificial resins, and miscellaneous related materials and products, n.e.s., *except those listed in Supplement No. 1 to section 399.2, Interpretation 24.*

This is one of the "basket" entries that is retained on the CCL because it is impossible to identify all chemicals and related materials that have strategic applications. As specific commodities covered by the "basket" are brought to the Department's attention, either by means of an export license application or inquiry, they are reviewed and, if found to be of a peaceful nature, removed from the "basket" and placed in Interpretation 24.

4997B—Viruses or viroids for human, veterinary, plant, or laboratory use, *except hog cholera and attenuated or inactivated systems*; and

4998B—Bacteria, fungi, and protozoa, *except those listed in Supplement No. 1 to section 399.2, Interpretation 28.*

The commodities in these two "basket" entries have dual uses; *i.e.*, as precursors for biological warfare agent preparation, or for disease studies and preparation of prophylactic or therapeutic agents. Notwithstanding the latter humanitarian uses, continued control of the commodities in these entries is necessary to identify prospective exports that have a potential for use in biological warfare. On a continuing basis, the Department eliminates from control under CCL entry 4998 specific commodities that have primary civilian uses. Although there is some foreign production, it is not as extensive or controlled for quality as it is in the United States.

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APPENDIX D

Report to the Congress Extending and Expanding Foreign Policy Export Controls

THE SECRETARY OF COMMERCE
Washington, D.C. 20230

January 20, 1984

The Honorable George Bush
President of Senate
Washington, D.C. 20510

Dear Mr. President:

In accordance with authority contained in section 6 of the Export Administration Act of 1979 (Public Law 96-72 of September 29, 1979), as amended (hereinafter "the Act"), as delegated to me under Executive Order No. 12214 of May 2, 1980, I hereby extend and expand through January 20, 1985, export controls maintained for foreign policy purposes as specified in Enclosure In accordance with section 6(e) of the Act I hereby notify Congress of this extension. Additionally, I notify Congress that controls administered in accordance with procedures established pursuant to section 309 (c) of the Nuclear Non-Proliferation Act of 1978 continue in effect.

I am also submitting, as Enclosure 2, my conclusions on the criteria set forth in section 6(b) of the Act; the nature and result of alternative means attempted to achieve the purposes of these controls or the reasons for extending them without attempting any such alternative means; and the ways in which such controls will further significantly the foreign policy of the United States or will further its declared international obligations.

In accordance with section 13 (b) of the Act, meaningful opportunity was provided for public comment on the scope of foreign policy controls. A summary of the public comments received is attached in Enclosure 3. The countries and the goods and technologies subject to existing foreign policy export controls are identified in Export Administration Regulations published in the *Federal Register*.

The foreign policy export controls extended hereby are the same as those extended for the period January 21, 1983 through January 20, 1984, pursuant to my letter of January 20, 1983. We are discussing with the Department of State the scope of regulations to implement a new licensing policy for exports associated with construction and development of the petrochemical complex at Ras Lanuf in Libya, as well as the Secretary of State's recent designation of Iran as a nation that has repeatedly provided support for acts of international terrorism. When we are in a position to revise our regulations in these areas, we will submit to the Congress the reports required by section 6 (e) of the Act. Accordingly, Enclosure 1 constitutes a complete listing of the foreign policy export controls being extended at this time.

With reference to section 4(c) of the Act, adequate evidence has been presented demonstrating that, notwithstanding foreign availability, the absence of these controls would prove detrimental to the foreign policy of the United States.

This action is taken upon recommendation of the Secretary of State with my concurrence that these controls are necessary to further significantly the foreign policy of the United States or to fulfill its declared international obligations.

Sincerely,

MALCOLM BALDRIGE
Secretary of Commerce

Enclosures

AVAILABLE

THE SECRETARY OF COMMERCE
Washington, D.C. 20230

January 20, 1984

The Honorable Thomas P. O'Neill, Jr.
Speaker of the House of Representatives
Washington, D.C. 20515

Dear Mr. Speaker:

In accordance with authority contained in section 6 of the Export Administration Act of 1979 (Public Law 96-72 of September 29, 1979), as amended (hereinafter "the Act"), as delegated to me under Executive Order No. 12214 of May 2, 1980, I hereby extend and expand through January 20, 1985, export controls maintained for foreign policy purposes as specified in Enclosure 1. In accordance with section 6(e) of the Act I hereby notify Congress of this extension. Additionally, I notify Congress that controls administered in accordance with procedures established pursuant to section 309 (c) of the Nuclear Non-Proliferation Act of 1978 continue in effect.

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Sincerely,

MALCOLM BALDRIGE
Secretary of Commerce

Enclosures

APPENDIX D

ENCLOSURE 1

Export Controls for Foreign Policy[1] Purposes Extended for the Period January 21, 1984, through January 20, 1985

I. Human Rights

A. A validated license is required for foreign policy purposes for export to all countries except members of the North Atlantic Treaty Organization, Japan, Australia and New Zealand of crime control and detection instruments, equipment and related technical data.

B. Applications for validated export licenses will generally be considered favorably on a case-by-case basis unless there is evidence that the government of the importing country may have violated internationally recognized human rights and that the judicious use of export controls would help to deter such violations or to distance the United States from such violations. (Applications will be denied when a government has been determined to be engaging in a consistent pattern of gross violations of internationally recognized human rights.)

II. South Africa and Namibia

A. A validated export license is required for foreign policy purposes for export to South Africa and Namibia of:

1. Items controlled pursuant to the United Nations arms embargo of South Africa, i.e., arms, related materials, and equipment and supplies used in the production and maintenance of arms or related materials;
2. aircraft and helicopters;
3. the following items, when destined for military or police entities:
    a. commodities controlled for national security, nuclear nonproliferation, or crime control reasons, and related technical data; and
    b. automotive vehicles, watercraft, parts and accessories therefor, and tires; and
4. computers for the Department of Cooperation and Development, Department of Internal Affairs, Department of Community Development, Department of Justice, Department of

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[1] Certain goods and data described in this report, whether or not subject to foreign policy controls, may require a validated license for certain destinations for national security and nuclear non-proliferation purposes.

Manpower Utilization, and administrative bodies of the "Homelands" that carry out similar functions.[2]

B. Applications for validated export licenses will:
  1. be denied for items controlled pursuant to the United Nations arms embargo of South Africa;
  2. generally be considered favorably on a case-by-case basis for aircraft or helicopters subject to a license condition that the aircraft or helicopters may not be put to military, paramilitary, or police use;
  3. be denied for military or police entities except, on a case-by-case basis, for:
     a. Automotive vehicles, watercraft, parts and accessories therefor, and tires that would not contribute significantly to military or police functions;
     b. other items not controlled for national security, nuclear non-proliferation, or crime control reasons;
     c. medical supplies and equipment, including air ambulances;
     d. commodities and technical data to be used in efforts to prevent acts of unlawful interference with international civil aviation;
     e. word processors, personal computers, electronic cash registers, hand-held stand-alone calculators, electronic copy machines, and personal communication equipment that would not contribute significantly to military or police functions;
     f. foreign origin equipment incorporating 20% or less by value of U.S. origin components;
     g. reexports or resales of insubstantial portions of commodities or technical data exported originally to parties other than the South African military or police, and sales of insubstantial portions of the South African-produced product of U.S. origin technical data, if the commodities, data, or product of the data would not contribute significantly to military or police functions.
  4. generally be considered favorably on a case-by-case basis for computers for the Department of Cooperation and Development, the Department of Internal Affairs, the Department of Community Development, the Department of Justice, the Department of Manpower Utilization, and administrative

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[2] This control does not include word processors, electronic cash registers, hand-held stand-alone calculators, or equipment classified elsewhere on the Commodity Control List that incorporates microprocessors (e.g., electronic copy machines, home electronics, and personal communications).

bodies of the "Homelands" unless the computer would be used to enforce the South African policy of apartheid.

III. Anti-Terrorism

The Secretary of State has designated Syria, the People's Democratic Republic of Yemen, Libya[3], and Cuba[4] as countries that have repeatedly provided support for acts of international terrorism. The Secretary of State reviews these designations continually, and makes changes whenever he concludes that a country's conduct warrants action.

A. A validated license is required for foreign policy purposes for export to Syria and the People's Democratic Republic of Yemen of:
   1. aircraft values at $3 million or more and helicopters over 10,000 pounds empty weight, except civil aircraft for use by regularly scheduled airlines based in Syria or in the People's Democratic Republic of Yemen for which assurances against military use have been submitted to the Department of Commerce; and
   2. other commodities and technical data subject to control for national security purposes if the proposed export is valued at $7 million or more and is destined for a military end-user or a military end-use.

B. Applications for validated export licenses will:
   1. generally be considered favorably on a case-by-case basis for aircraft and helicopters for civil use if issuance of the licenses would be consistent with the policies set forth in sections 3(4), 3(8) and 3(10) of the Act; and
   2. be reviewed for items destined for a military end-user or end-use from the standpoints of whether they would make a significant contribution to the military potential of the importing country and whether denial or approval would encourage that country to take steps to prevent the use of its territory or resources to support international terrorism.

C. At least thirty days before any license for items subject to these controls valued at $7 million or more is approved for export to Syria, the People's Democratic Republic of Yemen, Libya, or Cuba, the appropriate Congressional committees will be notified as required by section 6(i) of the Act, as amended.

IV. Regional Stability

A. A validated license is required for foreign policy purposes for export to all destinations except NATO countries, Japan, Australia, and New Zealand of equipment to manufacture arms, ammunition, military explosives and propellants; specially designed military vehicles; and components for ammunition.

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[3] See Section V for controls imposed on Libya.

[4] See Section VI for controls imposed on Cuba.

B. Applications for validated export licenses will generally be considered favorably on a case-by-case basis unless their export would contribute significantly to instability in the region to which the commodities are destined.

V. Libya

A. A validated license is required for foreign policy purposes for export to Libya of all U.S.-origin goods or technical data, *except*:
  1. technical data generally available to the public and educational materials;
  2. medicine and medical supplies;
  3. food and agricultural commodities;
  4. items permitted under certain special purpose general licenses; and
  5. the export to Libya from other countries of the foreign non-strategic product of U.S.-origin technical data.

B. Applications for validated export licenses will be reviewed on a case-by-case basis and will generally be denied for:
  1. off-highway wheel tractors of carriage capacity of ten tons or more unless clearly destined for civil use;
  2. aircraft (including helicopters), aircraft parts, and avionics, whether or not subject to security controls, that would constitute a high risk of increasing Libyan capabilities to carry military cargo or troops or to conduct reconnaissance, observation, or other military missions if diverted from civil use;
  3. other commodities controlled for national security purposes and related technical data, and oil and gas equipment and related technical data not readily available from non-U.S. sources, except:
     a. where failure to obtain an export license would not excuse performance of a contract in effect prior to March 12, 1982;
     b. the reexport of goods or technology already outside the United States on March 12, 1982, or the export of foreign products incorporating such items as components;
     c. The use of U.S.-origin components incorporated in foreign-origin equipment and constituting twenty percent or less by value of that equipment; and
     d. other unusual situations.

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VI. North Korea, Vietnam, Kampuchea and Cuba

A. A validated license is required for foreign policy purposes for export to North Korea, Vietnam, Kampuchea, or Cuba of all commodities and technical data except:

1. Technical data generally available to the public and educational materials;
2. personal baggage, crew baggage, vessels and aircraft on temporary sojourn, ship stores and plane stores;
3. foreign-origin items in transit through the United States;
4. shipments for U.S. Government personnel and agencies; and
5. gift parcels not exceeding $200 of commodities such as food, clothing (non-military), and medicines.

B. Applications for validated licenses will generally be denied except that non-commercial exports to meet emergency needs will be considered on a case-by-case basis.

VII. USSR and Afghanistan Only

A. A validated license is required for foreign policy purposes for exports to the U.S.S.R. or Afghanistan of:

1. technical data and designated equipment destined for the Kama River or ZIL truck plants (USSR only); and
2. equipment and related technical data for the exploration or production of oil and gas.

B. Licensing policies are as follows:

1. Applications to export equipment or technical data to the Kama or ZIL truck plants will generally be denied.
2. Applications to export technical data or equipment for manufacturing oil and gas exploration or production equipment will generally be denied. Applications for export of oil and gas exploration or production equipment will generally be approved unless the equipment is subject to multilateral review.
3. Applications to export to Afghanistan will generally be approved if for the civilian economy.

VIII. Nuclear Non-Proliferation

A. A validated license is required for the following commodities and related technical data:

1. commodities and related technical data that could be of significance for nuclear explosive purposes; and
2. any commodities and related technical data that the exporter knows or has reason to know will be used directly or indirectly for:
    a. designing, developing, fabricating, or testing nuclear weapons or nuclear explosive devices; or

   b. designing, constructing, fabricating, or operating the following facilities or components for such facilities:
      i. facilities for the chemical processing of irradiated special nuclear or source materials;
      ii. facilities for the production of heavy water;
      iii. facilities for the separation of isotopes of source and special nuclear material; or
      iv. facilities for the fabrication of nuclear reactor fuel containing plutonium.

B. In reviewing applications for validated licenses pursuant to subparagraph VIII.A above, licensing policy will take into account:
   1. the stated end-use of the component;
   2. the sensitivity of the particular component and its availability elsewhere;
   3. the types of assurances or guarantees given in the particular case, and
   4. the non-proliferation credentials of the recipient country.

APPENDIX D

ENCLOSURE 2

Conclusions on Criteria and Alternative Means

Statutory Background

Section 6(b) provides the criteria that must be considered by the Secretary in extending foreign policy controls.[1] These are:

1. the probability that such controls will achieve the intended foreign policy purpose, in light of other factors, including the availability from other countries of the goods or technology proposed for such controls;
2. the compatibility of the proposed controls with the foreign policy objectives of the United States, including the effort to counter international terrorism, and with overall United States policy toward the country which is the proposed target of the controls;
3. the reaction of other countries to the imposition or expansion of such export controls by the United States;
4. the likely effects of the proposed controls on the export performance of the United States, on the competitive position of the United States in the international economy, on the international reputation of the United States as a supplier of goods and technology, and on individual United States companies and their employees and communities, including the effects of the controls on existing contracts;
5. the ability of the United States to enforce the proposed controls effectively[2]; and
6. the foreign policy consequences of not imposing controls.

Section 6(d) provides that before imposing foreign policy controls reasonable efforts must have been made to achieve the purposes of the controls through negotiations or other alternative means.

Section 6(e) provides that, whenever foreign policy controls are extended, Congress must be immediately notified and must receive a report specifying the conclusions on each applicable criterion set forth in subsection 6(b) as well as the nature and results of any alternative, means attempted under subsection 6(d) or the reasons for imposing, extending or expanding the controls without attempting any such alternative means.

I. Human Rights

Pursuant to section 6(j) of the Act, crime control and detection instruments and equipment may be approved for export only pursuant to a validated export license, except to members of the North Atlantic Treaty Organization, Japan, Australia, New Zealand, or such other countries as the President shall designate consistent with the Act and section 502B of the Foreign Assistance Act of 1961, as amended.[3] The list of commodities is reviewed and revised periodically.

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[1] H.R. Rep. 96-200, 96th Cong., 1st Sess., 20 (1979).

[2] For detailed information on violations and enforcement activities during FY 1983, see Annual Report on Export Administration, Chapter 6.

Probability of Achieving Intended Purposes

The effectiveness of the controls in denying exports is limited by the availability of comparable goods from foreign sources. An important element justifying these controls is their symbolic effect. Denying exports of such goods to countries that continually violate internationally recognized human rights helps distance the U.S. Government from repressive regimes.

Compatibility with Foreign Policy Objectives

This policy is fully consistent with U.S. policy in support of internationally recognized human rights, as expressed by this and previous Administrations and by the Congress.

Reaction of Other Countries

Other supplier countries have not placed similar human rights controls on their exports of crime control and detection equipment. The governments of countries to which such exports have been denied may not like the controls, but they have not taken any retaliatory action toward the United States.

Export Performance

Of the export license applications for crime control and detection equipment reviewed in 1983, applications with a total value $28.5 million were denied. Of these denials, four applications with combined value of $27.5 million were for computerized fingerprint retrieval systems that could have been used to suppress human rights. Denial of these four systems resulted in a one-time loss of sales for the company involved, but this unusual volume of sales is unlikely to be sustained on an annual basis. Beyond the impact on this one firm, the Department is not aware of any major adverse economic consequences of these controls.

Enforcement

There are no particular enforcement problems. Exporters are aware of the controls and the affected commodities are readily recognizable. The lack of complementary controls by other countries makes re-exports difficult to detect and deter.

Consequences of Not Extending Controls

Failure to extend these controls could be taken as a signal of decreased U.S. commitment to internationally recognized human rights, and would be inconsistent with the objectives of U.S. policy and legislation on human rights.

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[3] 22 U.S.C.A. Section 2304

Alternative Means

The U.S. Government frequently uses bilateral diplomatic demarches and other means to convey its concerns about the human rights situation in various countries. These efforts do not obviate the need for continued export controls pursuant to Section 6(j) of the Act.

II. South Africa and Namibia

Export controls on specific items and for designated entities in South Africa were established in order to strengthen the United Nations arms embargo, to distance the United States from the practice of apartheid, and to promote racial justice in southern Africa. We made a series of changes between March 1, 1982 and January 20, 1983, focusing on significant commodities and removing many common, general purpose items from control. The changes also focused the controls on South African Government and homeland agencies that directly enforce apartheid, while retaining controls on goods and technical data destined to the South African military and police and continuing U.S. participation in the United Nations arms embargo. The controls now reflect more accurately our major areas of foreign policy concern. The situation in southern Africa continues to justify retention of current controls on trade with South Africa.

Probability of Achieving Intended Purposes

The United Nations arms embargo has generally been adhered to by other nations.

Given the foreign availability of products that go beyond the U.N. embargo, these controls will not prevent access to similar goods from other sources. The controls do represent constant and firm evidence of continued U.S. unwillingness to aid and abet the South African policy of institutionalized racial discrimination.

Compatibility with Foreign Policy Objectives

Export controls on designated products and on shipments to designated entities in South Africa are consistent both with our commitment to the improvement of human rights and our desire for the peaceful, evolutionary change required for the longer-term stability of southern Africa.

Reaction of Other Countries

Most nations participate in the United Nations arms embargo, and a few impose controls that go beyond the embargo. Other countries generally have not been critical of these controls.

Export Performance

The controls are designed to prevent certain U.S. exports of such items as computers to designated government consignees. However, the controls as originally structured raised the question of reliability of the United States as a supplier in South Africa. The competitiveness of U.S. suppliers for long term contracts may consequently have been weakened. Furthermore, our major trading competitors in the South African market have used U.S. export controls as a selling point for their countries' manufacturers. The narrowing of the scope of controls that was undertaken between March 1, 1982 and January 20, 1983, and the more predictable treatment of items remaining under control helps improve the competitiveness of U.S. industry, although we can expect continued buyer caution, based on our previous restrictions, to retard growth.

Since the introduction of unilateral U.S. controls on export to South Africa, the controls have had more pronounced effects on the export of electronic computers than on many other commodities. Under their broadest scope, the controls required export license for shipment of all computers to any South African Government entity, and interagency license review was always required. In 1982, this added burden on the computer industry was reduced when the restrictions were limited to five South African Government agencies that directly enforce and uphold the South African Government policy of apartheid, and agencies performing similar functions in the homelands.

Exporters have pointed out that when there is some factor that triggers foreign policy review, the process can be lengthy, and potential customers are not always interested in purchasing the American product when they can purchase similar items from a non-U.S. source without delays, uncertainties and end-use restrictions. Exporters report that South African customers are not always willing to make the end-use commitments required to obtain a license, when comparable commitments are not required for purchase of non-U.S. computers. These factors continue to be cited by U.S. computer firms as reasons for the expansion of third-country shares of the South African market over the past several years. While impediments to the export of computers have been significantly reduced, the controls remain an additional burden on U.S. computer manufacturers doing business in South Africa.

The overall level of U.S. exports to South Africa has declined since 1981, although the U.S. maintained a trade surplus with South Africa in 1981 and 1982. Some of the decline can be attributed to factors set forth above and a deliberate South African decision to diversify its import purchases. However, trade between the United States and South Africa reflects more the disparate economic cycles of the two countries economies than the effect of U.S. export controls; U.S. exports to South Africa were actually higher under the more restrictive controls before March, 1982 than in later years. U.S. exports to South Africa were their highest in 1981, at almost $3 billion, on the strength of South Africa's 7.5 percent economic growth in 1980. U.S. exports in 1983 are expected to be a full third less than in 1981, as South Africa completes its second year of economic decline, with shipments through September 1983 totaling only $1.56 billion. On the other hand, U.S. purchases from South Africa have increased during the first nine months of 1983 to $1.6 billion as a direct result of the increasing strength of the U S. industrial recovery. West Germany replaced the United States as South Africa's leading supplier in 1983.

The controls probably impede some U.S. exports, but the large decline in recent years is the product of recession in South Africa and a strong U.S. dollar making American products more costly. The impact of the controls go beyond their immediate effect on individual sales, however, as they have a psychological effect that can deter future sales. Both U.S. exporters and South African customers can be expected to exercise extra caution that would not be likely without the history of our earlier controls and concern that the controls could become more restrictive again in the future.

Enforcement

There are no unusual problems controlling exports to South Africa to support the United Nations arms embargo. However, despite—and in part, because of—the mandatory United Nations arms embargo, South Africa has developed the world's 10th largest arms industry. South Africa in 1982 began exporting arms that are copies of foreign equipment acquired before 1977, or that were acquired through other means.

Unilateral controls on U.S. exports to designated entities in South Africa have been more difficult to enforce. The regulation of reexports of U.S.-origin goods to South Africa has been difficult, since many of the goods could be sold to third nations under general license and then reexported to South Africa. By eliminating our controls on items of no national security, nuclear, or crime control concern, we have focused the controls on items that are, for the most part, under U.S. reexport control for all destinations. Thus, foreign parties are much more likely to be aware of U.S. reexport restrictions and to seek approval. Control of U.S. components incorporated in foreign manufactured items and subsequent products of U.S.-origin technical data continues to be a potential problem.

Consequences of Not Extending Controls

Opponents of apartheid would interpret failure to extend as indicative of an unwillingness by the United States Government to take firm action, and would see it as a retreat from our firm opposition to that country's racist policies.

Alternative Means

Other means, including public and international statements of opposition to apartheid and restraints on government-supported credits, are being pursued. Export controls complement these measures.

III. Anti-Terrorism

Pursuant to Section (6)(i)(1) of the Act, the Secretary of State has determined that Libya, Syria, the PDR Yemen and Cuba have repeatedly provided support for acts of international terrorism. Controls on Libya are discussed in Section V and controls on exports to Cuba are discussed in Section VI.

Probability of Achieving Intended Purposes

Although in many cases foreign availability of comparable goods will limit the impact of these controls, the controls demonstrate the firm determination of the United States to oppose and distance itself from acts of international terrorism.

Judicious application of export controls in conjunction with other efforts has served to enhance our overall effort to combat international terrorism.

Compatibility with Foreign Policy Objectives

These controls are consistent with U.S. foreign policy toward countries determined to have repeatedly supported international terrorism and with other actions taken to discourage such support.

Reaction of Other Countries

Controls against the designated nations have had spillover effects on U.S. business relations with other countries, particularly the oil-producing states on the Persian Gulf. Some of these nations have viewed the U.S. controls not as "anti-terrorist" but as "anti-Arab", since the countries originally covered by the controls were all Arab nations. Kuwait, for example, urged other Gulf States to seek alternative suppliers of aircraft as a direct reaction to U.S. anti-terrorism controls. Such reactions have in part been the basis for a reduction in sales of U.S. aircraft and avionics equipment that has limited access by U.S. suppliers to portions of one of the largest markets for their products in the world.

The list of countries designated as supportive of international terrorism is revised whenever the record of a particular country warrants removal from, or addition to, coverage by anti-terrorism controls. In 1982, Iraq was removed while Cuba was added. Such revisions should help demonstrate that the controls are applied solely on the basis of each country's record regarding support for repeated acts of international terrorism.

Export Performance

The restrictive U.S. policy toward these countries has discouraged exports, particularly of civil aircraft. The requests that were submitted since the introduction of the controls and not approved have represented lost sales totaling several hundreds of millions of dollars. The U.S. share of this market has declined because of the general availability of comparable goods from alternative suppliers in other countries.

The controls on aircraft sales were in part responsible for the downward trend of U.S. sales in an area that is the largest and fastest growing market in the world. New orders for large U.S.-origin transport aircraft destined for Middle East nations (excluding Israel) have dropped from a peak of $1.1 billion in 1979 to $186 million in 1980, $380 million in 1981 and only $69 million in 1982. On the other hand, Airbus orders for this area were $289 million in 1979, 1.2 billion in 1980, $484 million in 1981, and $661 million in 1982. Not all of this decline in U.S. share can be however, attributed to U.S. export licensing policy. In fact, during the first 9 months of 1983 U.S. manufacturers received orders valued at $200 million, while Airbus received no orders and is expected to receive cancellations of some prior-year orders.

Modification of controls to permit sales to scheduled airlines was a major step toward reversing this trend without decreasing our firm stand against international terrorism. However, the 1981 imposition of stricter controls against Libya is still a major psychological obstacle to increasing the U.S. share of aircraft orders throughout the Middle East. Nevertheless, in 1983 U.S.-origin civil aircraft valued at $50 million were authorized for export to the national airline of the PDR Yemen under the revised policy. Syria, on the other hand, has bought no U.S. aircraft since 1981, and Syria's regularly scheduled civilian air carrier has made its recent purchases of civil aircraft from the Soviet Union. That Syria does not purchase from many Western supplier of civil aircraft suggests that factors other than U.S. export controls are responsible for the absence of U.S. aircraft exports to that country in recent years.

U.S. producers continue to cite the export disincentive of the controls, as several countries have expressed concern about the reliability of the United States as a future supplier of aircraft. Aircraft producers have estimated that at least $20 billion worth of contracts may have been jeopardized as a result of the controls, including follow-on contracts and orders for spare parts. The overall success of the Airbus in the Middle East could mean that U.S. manufacturers will have increased difficulty penetrating that particular market sector for another 15 or 20 years (the expected useful life of the Airbus).

Any losses in sales by U.S. aircraft manufacturers have a significant effect on jobs throughout the aircraft industry and related suppliers. These losses seriously affect the parts and machine tool industries as well as the aircraft manufacturers they supply. The problem is compounded by the loss of subsequent and follow-on contracts for maintenance service and repairs.

Enforcement

No unusual problems are expected in enforcing these controls.

Consequences of Not Extending Controls

The absence of these controls could lead to apprehension about the seriousness and consistency of our policy of opposing support for international terrorism.

Alternative Means

The United States has sought to demonstrate its opposition to support of international terrorism through a variety of other means, including efforts to persuade these countries to adhere to various conventions against hijacking, hostage-taking and attacks on diplomats. These efforts have had some success. They do not obviate the need for continued export controls pursuant to Section 6(i)(1) of the Act.

IV. Regional Stability

These controls on military vehicles and items used in the manufacture of military equipment are imposed in order to limit the military capabilities of countries in regions of instability and tension.

Probability of Achieving Intended Purposes

Although these items are available from other sources, judicious application of export controls in conjunction with other efforts provides an additional means to further United States foreign policy objectives.

Compatibility with Foreign Policy Objectives

These controls are consistent with U.S. foreign policy goals to promote peace and stability and to avoid U.S. exports that might support military operations or weapons production capabilities in areas of instability.

Reaction of Other Countries

A number of other countries limit exports of military equipment to areas of tension. These countries recognize the desirability of restricting goods that could contribute to regional tensions.

Export Performance

Licenses for these commodities generally are approved, unless the export would contribute materially to regional instability. As the Department cannot predict when, or if, problems may arise in a region that is currently stable, we cannot assess accurately the possible impact of these controls on U.S. exports. During 1983, the Department approved applications valued at $333.5 million and denied only one application valued at $340,000 for Syria.

Consequences of Not Extending Controls

The absence of controls would make it difficult to manage U.S. foreign policy in sensitive regions and to avoid exports that might contribute to destabilization in such areas.

Alternative Means

No workable alternatives to direct controls have been identified.

V. Libya

A. Off-Highway Wheel Tractors

Controls on the export to Libya of off-highway wheel tractors with a carriage capacity of ten tons or more are designed to further the foreign policy objective of regional stability. Tractors under these controls can be used to transport tanks and other outsized military vehicles and would thereby enhance the mobility of Libya's sizable armored forces.

Probability of Achieving Intended Purposes

Foreign availability is a major deterrent to the effectiveness of these controls. The controls nonetheless restrict an American contribution to Libyan military activities.

Compatibility with Foreign Policy Objectives

These controls are consistent with American policy on other military sales to Libya.

Reaction of Other Countries

No other country has taken similar action.

Export Performance

In 1977, the U.S. exported to Libya 330 vehicles of this type with a value of $7.1 million. With the imposition of special controls in 1978, we licensed only 14 vehicles at $300,000. In 1982, licenses valued at $2.2 million were approved, authorizing six tractors and replacement parts for previously exported tractors. Licenses approved in 1983 for 15 tractors and replacements parts were valued at $6.1 million. All of the tractors licensed were destined for acceptable civil uses.

These controls have had a modestly negative impact on the international reputation of the United States as a reliable supplier, and on the producing industry, its employees and communities.

Enforcement

No unusual problems are being encountered in the enforcement of these controls. The Libyans have converted general purpose U.S. trucks into off-highway wheel tractors. The conversion involved costs in time and money far beyond the cost of obtaining comparable tractors from other sources.

Consequences of Not Extending Controls

Discontinuing the controls could be viewed by other friendly countries in the region as a United States contribution to strengthening Libyan capability to mount hostile actions.

Alternative Means

No reasonable alternatives to direct controls exist.

B. Aircraft and Avionics

Export controls on aircraft, aircraft components and accessories destined for Libya further the foreign policy of the United States. Aircraft subject to these controls can be used to transport cargo or troops or to carry out observation and reconnaisance missions. Libya has been using civil aircraft to support military intervention in neighboring countries. These controls limit Libyan capability to use U.S.-origin aircraft in military ventures in this region.

Probability of Achieving Intended Purposes

These controls are designed to further the foreign policy objectives of regional stability. Foreign availability reduces the effect of these controls to some extent, but much of the foreign aircraft industry is heavily dependent on U.S. origin components. These controls restrict an American contribution to, and thereby limit, Libyan capacity to support military ventures in neighboring countries, and make the deployment and servicing of aircraft for military purposes more expensive and difficult for the Libyan government.

Compatibility with Foreign Policy Objectives

Because these controls are intended to prevent an American contribution to Libyan military activities and thereby diminish Libyan ability to undermine regional stability, they are consistent with American foreign policy goals and with policies on military sales to Libya.

Reaction of Other Countries

Other countries in the region, especially those most threatened by Libyan aggression, could view this action favorably as evidence of continued U.S. opposition to the aggressive and destabilizing policies of Libya. No other supplier country has taken similar action.

Export Performance

Aircraft licenses approved for Libya declined from $14.8 million in 1979 to $1.9 million in 1980 and $944,000 in 1981. No export licenses for aircraft were approved in 1982 or 1983.

U.S. aircraft manufacturers have been prohibited from making many new sales, including $597.5 million of large civil transport aircraft denied in 1983 alone. Controls have also prevented sales of spare parts, and U.S.

firms report that the controls have resulted in their being precluded from major aircraft projects in third countries that have business in Libya. U.S. firms say that European manufacturers are making plans to replace U.S. components and technical data in major civil aviation projects. There have been reports that foreign competitors have cited our Libya controls in bidding for aircraft sales elsewhere in the Mid East and Africa, suggesting that the United States could take similar action against other countries that use U.S. origin aircraft.

Enforcement

The control of direct exports from the United States to Libya poses no unusual enforcement problems. Reexports of U.S. aircraft and avionics, or the use of U.S.-origin material abroad to service Libyan aircraft, are considerably more difficult to detect and deter, and do create enforcement problems.

Consequences of Not Extending Controls

Absence of such controls might be seen by friendly countries as a lessening of United States concern over aggressive Libyan actions in the region.

Alternative Means

Previous Libyan use of U.S.-origin aircraft for military purposes indicates that no feasible measures short of direct controls would be adequate.

C. Other restrictions

Probability of Achieving Intended Purposes

The objective is to demonstrate U.S. resolve to inhibit Libyan receipt of material resources that could be used to support international subversive activities and intervention in the affairs of neighboring states. The controls are specifically designed to deny to Libya U.S.-origin national security items, and oil and gas equipment and technology unavailable from foreign sources, and to monitor other exports. The controls will restrict an American contribution to, and thereby limit, Libyan capacity to engage in activities detrimental to the foreign policy of the United States. Continued willingness by other industrial countries to trade with Libya in national security items will limit the impact of these controls. Prompt processing of applications for other items will permit effective monitoring without causing lost business.

Compatibility with Foreign Policy Objectives

These controls are consistent with the express U.S. policy of encouraging Libya to adopt acceptable norms of international behavior.

Reaction of Other Countries

There is a general understanding in other countries of the international threat posed by Libyan subversive activities. When we imposed these controls in 1982, we explained our policies to other governments and urged them to adopt similarly firm policies. To date, no other country has taken similar action. In imposing controls, care has been taken to limit the extraterritorial effects of these restrictions to minimize friction with other friendly countries.

Export Performance

U.S. exports to Libya prior to imposition of controls accounted for less than one percent of all U.S. exports in 1981, amounting to approximately $813 million. Nonetheless, U.S. exports to Libya have declined significantly sinced the imposition of comprehensive controls in March, 1982. U.S. exports fell to $301 million for 1982, a drop of over $500 million. Exports in the first 11 months of 1983 totalled $175 million, down $114 million from the same period in 1982.

Although some of the decline in U.S. exports can be ascribed to Libyan economic difficulties, with the resultant decline in capital goods imports, the U.S. restrictive export licensing policy was probably the most important factor in the over $600 million reduction in U.S. exports to Libya in the past 2 years. The commodities most affected were industrial, construction, electrical and transport equipment.

Our consultations with industry revealed substantial concern over the potential effect of controls on those firms with a heavy involvement in the Libyan market. Some firms felt that not only would they lose direct Libyan business, but that Libyan efforts to procure equipment elsewhere would weaken their ability to compete worldwide. Their rationale was that their own production would have to be cut back, while the production of foreign competitors would increase, thus giving the competitors the ability to lower prices and capture a larger share of world markets now dominated by U.S. firms.

The greatest impact of these controls has been on petroleum services companies, which suffered a decline in their exports to Libya. While licensing policy provides for approval in most cases where foreign availability exists, firms remain concerned that the need to apply for licenses and the delays imposed by the license review process put them at a competitive disadvantage in the Libyan market and raise questions regarding the reliability of the United States as a supplier country.

The continued policy of approving exports of nonstrategic goods to most destinations in Libya should enable U.S. firms to continue to fill Libyan orders. We will continue to work closely with the Department of State to assure that licensing delays do not become a competitive factor. The large drop in U.S. exports to Libya in 1982 and 1983, however, suggests that the business concerns are valid.

Because the controls are clearly imposed in response to repeated Libyan acts that are detrimental to the interests of the United States and other friendly countries, the reputation of the U.S. as a reliable supplier of goods and technology to countries other than Libya should not be seriously impaired.

Enforcement

The controls raise no unusual enforcement problems.

Consequences of Not Extending Controls

Failure to extend these controls would be contrary to the U.S. policy of promoting regional stability in the Mid East and would make more difficult the furtherance of the U.S. objective of influencing Libyan behavior in a positive direction.

Failure to continue the controls would place the United States in the anomalous position of objecting to Libyan financing of disruptive activities while making available, through trade, resources that could be used to support such activities.

Alternative Means

These controls complement diplomatic means that have been and will continue to be used to seek to influence Libyan behavior.

VI. North Korea, Vietnam, Kampuchea, Cuba

The embargoes on exports to North Korea, Vietnam, Kampuchea, and Cuba are administered not only under the Export Administration Act but also under the Trading with the Enemy Act, as amended. The latter authority remains available for these embargoes by virtue of Section 101 (b) and (c) and 207 of Public Law 95-223, and has been extended annually pursuant to national interest determinations, the most recent being from September 14, 1983, to September 14, 1984.

Probability of Achieving Intended Purposes

The embargoes on each country were originally and individually imposed for security reasons. While the original circumstances that prompted the imposition of controls have changed, present circumstances require that these controls be continued. In each case, although the availaibility of foreign goods limits the extent to which the controls deny exports to these countries, the embargoes should not be lifted except as part of a general improvement of relations.

A. North Korea

North Korea remains technically in a state of war with the United States, the Republic of Korea, and the United Nations. It has been expanding its offensive military capability and its subversive potential while continuing to suppress human rights.

B. Vietnam

The embargo against Vietnam was established originally against North Vietnam during the Vietnam conflict. It was subsequently enlarged to the rest of the country with the fall of the South Vietnamese government in 1975. The invasion and continued occupation of Kampuchea have blocked any further discussion of normalization between the U.S. and Vietnam.

C. Kampuchea

Controls on exports to Kampuchea are similar to those affecting Vietnam, particularly in light of the present occupation of the country by Vietnam. The United States is making an exception to the embargo on Kampuchea in the form of emergency relief for the civilian population.

D. Cuba

The embargo against Cuba came at a time when Cuban actions seriously threatened the stability of the Western hemisphere. Cuba continues to promote armed subversion in Central America and elsewhere. There is also a serious problem of compensation for U.S. citizens whose property was expropriated by the Cuban government.

Compatibility with Foreign Policy Objectives

The controls are a useful complement to U.S. foreign policy in other aspects of our relations with these countries because they help create pressure on these governments to modify their policies and thereby improve their relations with the United States.

Reaction of Other Countries

No other country has imposed similar controls on exports to any of these four countries.

With Vietnam's invasion of Kampuchea, Vietnam has lost credit and project funding from the World Bank, the International Monetary Fund, and the People's Republic of China. Japan and Sweden have canceled aid projects of considerable size.

Sweden has instituted licensing procedures for exports to North Korea.

Export Performance

A. North Korea

In 1983, no licenses were issued for export to North Korea.

The Department's most recent figures show that North Korea's hard currency imports from the West were only about $255 million in 1982.

Even if the U.S. relations were normalized, the prospects for a major trade expansion are slight. The USSR and China would remain North Korea's major trading partners. The U.S. might capture a share of North Korea's wheat imports at Australia's expense, as well as make minor inroads in the market shares of Japan and the European Community for industrial goods. At best, the U.S. might export $25 million worth of agricultural products and $10 million worth of manufactured goods after five years of resumed trade.

B. Vietnam

In 1983, the Department approved applications for exports to Vietnam valued at approximately $74 million. Of this sum, gift parcels accounted for approximately $70 million, and non-commercial charitable donations and medical supplies accounted for most of the remainder.

Vietnam's total hard currency imports from the West amounted to only $157 million in 1982, the latest year for which statistics are available, continuing a steady decline from the 1978 high level of $675 million. The decline reflects the growing international isolation of Vietnam as a result of the invasion of Kampuchea as well as the massive and current decline of the economy, which has reinforced dependence on the Soviet Union.

The trade potential of U.S. exports to Vietnam under normalized conditions would be limited by the amount of hard currency credit made available to the Vietnamese from international sources as well as from the United States. While it is possible that the Vietnamese could purchase over $1.0 billion worth of heavy equipment and machinery, grain, and foodstuffs from the United States by the fifth year of normalized conditions, that level of trade could probably be reached only by easy credit terms.

The effects of the Kampuchean occupation and consequent cut-off of Chinese aid have put extreme stress on virtually every sector of the Vietnamese economy. The loss of thousands of educated and skilled workers through emigration has severely hampered productivity in many sectors. Under present conditions, the USSR seems certain to remain the dominant trade partner and source of massive aid. As a result, U.S.-Vietnamese trade would likely continue at insignificant levels even if the embargo were removed.

C. Kampuchea

In 1983, the Department approved applications valued at approximately $892,000 in non-commercial charitable donations for export to Kampuchea. Due to the invasion and occupation of Kampuchea, no other reliable trade statistics are available.

D. Cuba

Cuba's hard currency trade declined in 1982, reflecting lower world sugar prices. Cuban imports from market economies totaled $1.2 billion in 1982, down from the 1981 level of $1.4 billion. Purchases from the West remain below the 1975 high of $1.5 billion, especially if adjusted for inflation. During 1983, the Department approved applications for export to Cuba valued at approximately $12 million. These consisted mainly of gift parcels. Other approvals included equipment to maintain the US/Cuba communication link, some medical supplies, and purchases by third country embassies in Havana.

If the embargo were lifted, the USSR would remain Cuba's major trading partner, at least initially. United States exporters, with the advantage of geographic proximity, could be expected to replace some exports now coming from Japan, Canada, and Western Europe.

If trade resumed, U.S. exports to Cuba would probably reach no more than $100-150 million the first year and not exceed $300 million annually over the medium term.

None of these nations represents a substantial potential market for any specific U.S. industries. Therefore, the embargoes against them have not measurably retarded the ability of any U.S. economic sector to compete in the world market.

Enforcement

The controls on North Korea, Vietnam, and Kampuchea are understood and are generally supported by the public. There is little difficulty in enforcing them. The large volume of gift parcels to Vietnam represents potential for leakage in the embargo; efforts are made at U.S. ports of export to ensure that only permitted goods and quantities are being sent as gifts. Enforcement of controls on Cuba remains effective.

Consequences of Not Extending Controls

Any termination of a virtual trade embargo would entail significant foreign policy ramifications. Such a step, if taken, would have to be clearly consistent with then-current U.S. policy regarding the affected country and appropriate reciprocal action would be expected.

Alternative Means

A. North Korea

No alternative means are appropriate at this time, in view of the continued lack of North-South talks of other means to reduce tension.

B. Vietnam

In the case of Vietnam, the United States announced its willingness some time ago to end the embargo at such time as normal diplomatic relations are established and ambassadors are in place.

C. Kampuchea

Under present circumstances, alternative means available to the United States are severely limited.

D. Cuba

No alternative means are appropriate.

VII. USSR and Afghanistan

The following foreign policy programs apply to the USSR and Afghanistan:

A. Exports for the Kama River and ZIL Truck Plants

The prohibition on the export of designated commodities designed for the production of trucks to these two plants significantly furthers the foreign policy of the United States. Trucks from the Kama River plant were used in the Soviet invasion of Afghanistan, and in 1980 the Department imposed controls to prohibit the export of a second U.S.-made diesel engine assembly line to the plant.

The controls were expanded in March of 1982 to apply to a wider range of commodities, besides diesel engine assembly lines, that are particularly useful in the production of trucks. These controls were also expanded to cover exports to the ZIL Truck Plant in the USSR, as that facility also produces vehicles for the Soviet military.

Probability of Achieving Intended Purposes

The initial prohibition of the export of the second diesel assembly line to the Kama River truck plant has greatly delayed Soviet expansion of engine production, and has probably caused them to forego planned production of a substantial number of trucks.

Effectiveness of the controls on designated equipment to both Kama and ZIL plants is limited by the foreign availability of like products from non-U.S. sources. The controls should delay modification, updating, or expansion of those plants while alternate sources are developed.

Compatibility with Foreign Policy Objectives

These actions are compatible with other actions we have taken in response to the Soviet invasion of Afghanistan and the Soviet role in repression in Poland.

Reaction of Other Countries

No other country has export controls in response to Soviet actions.

Export Performance

The initial prohibition of the export of a second diesel engine assembly line to the Kama plant primarily affected an $8 million sale by a U.S. company. The company was contacted and stated that the loss of business associated with the restriction had little impact on its employees and the community in which it is located, as alternative orders were available.

A number of firms did have orders for equipment for these plants that could have been shipped under general license previously, but the Department is unaware of any current or potential sales by U.S. firms of the other commodities now under control to Kama or ZIL that approaches the magnitude or value of the diesel engine assembly line.

Nevertheless, some exporters believe the controls have been a factor in the decline of the U.S. share of the Soviet market for Western machine tools. They report that Soviet plant managers and trade officials have expressed doubts about relying on American firms, citing uncertainty about potential new controls that could deny access to spare parts or follow-on contracts in the future. Some American companies report that they no longer seek bids for business in the USSR because of the risk that export controls could be applied to their products or customers at some later date.

Enforcement

No problem has been encountered in enforcing the initial prohibition regarding the diesel engine assembly line export to the Kama plant. The affected U.S. firms are complying with this export restriction.

While no problems unusual to enforcement of unilateral controls to designated entities within the USSR have been encountered, the controls can be difficult to enforce. Many of the controlled items can still be shipped to other destinations in the USSR without a validated license, and some of these products may be more fungible between consignees than would be the case for turnkey installation of a diesel engine assembly line or a similar large project. Care is being taken to advise U.S. producers of these commodities of the nature of the controls and the prohibition against resale of such items from any consignee to either the Kama or the ZIL plant.

Consequences of Not Extending Controls

In the absence of the prohibition of the export of diesel engine assembly lines to the Kama plant, shipment of the assembly line equipment from the United States would have commenced in early May 1980.

The expansion of controls to include the ZIL plant and exports of other items provided consistency with the strong U.S. response to the invasion of Afghanistan and repression in Poland. Absence of these controls would continue to permit sale of many items useful in producing vehicles for military use.

Alternative Means

No alternative means could prevent the export from the United States of diesel engine assembly lines and other significant U.S.-origin components for plants that contribute to Soviet military strength through their production of vehicles for the military.

B. Oil and Gas Exploration or Production Equipment, and Related Technical Data

Control on the export of oil and gas exploration or production equipment and technology has provided a flexible foreign policy tool to be used, when necessary and appropriate, to sensitize the Soviets regarding actions that are damaging to United States foreign policy interests.

Probability of Achieving Intended Purposes

The effectiveness of this tool is limited by the availability of equipment and technology in other countries. However, the United States produces much of the best equipment and is the best source of offshore technology.

Compatibility with Foreign Policy Objectives

This control is one of the tools available to convey signals to the USSR in efforts to deter Soviet actions adverse to U.S. interests.

Reaction of Other Countries

We have approached other allied governments and urged them to take parallel action. These discussions are continuing. No other government has yet taken measures to control the sale of oil and gas equipment to the USSR.

Export Performance

Since the controls were first imposed in 1978, the competitive position and export performance of the U.S. petroleum equipment suppliers in the Soviet market have declined sharply. In the four-year period 1979-82, the share of Soviet orders for Western oil and gas equipment and technology held by U.S. companies was about 2 percent, compared to about 25 percent in 1975-78. U.S. firms received about $110 million in orders in 1979-82 in contrast to the $1.5 billion they would have received had they maintained their earlier market share. Total Soviet imports of oil and gas equipment have increased, but those from the United States have decreased.

U.S. equipment manufacturers attribute reduced sales to the Soviet Union not only to instances where the controls directly prohibited or delayed certain exports, but also to the damaged reputation of the United States as a reliable supplier in the eyes of Soviet economic and industrial management. Firms report that even with the resumption of processing of license applications after an 11-month halt in 1981-82, Soviet purchasers continue to give preference to non-U.S. suppliers, have pressured U.S. firms to quote deliveries from plants abroad, and have not always given American firms the opportunity to bid on oil and gas projects.

U.S. petroleum equipment suppliers have also expressed concern over their reputation as a reliable supplier ouside the Soviet Union, as well as with third-country suppliers that might hestitate to incorporate U.S.-

origin equipment or accept U.S. subcontractors in their bids for projects in the Soviet Union or elsewhere. The U.S. industry, which exports 50 percent of its production, faces weak domestic demand for its products in the currently depressed U.S. energy market.

Enforcement

Few problems are expected in enforcing these controls.

Consequences of Not Extending Controls

If these controls were not extended, the United States would have fewer means available to indicate its attitude toward Soviet actions.

Alternative Means

Other means, including direct negotiations, are usefully supplemented by these controls.

VIII. Nuclear Non-Proliferation Controls

Section 17(d) of the Act and section 390(c) of the Nuclear Non-Proliferation Act of 1978 (Public Law 95-242 of March 10, 1980) are interpreted as intending that:

A. nuclear non-proliferation controls do not expire annually and determinations to extend them are thus not required; and

B. the criteria and other factors set forth in sections 6(b), (d), and (e) of the Act are not applicable to these controls.

The Congress is therefore notified that these controls continue in force.

These controls further significantly the nuclear non-proliferation foreign policy of the United States and its declared international obligations.

U.S. policy in this area has increased the difficulty of nations attempting to acquire nuclear technology or equipment that is sensitive from a nuclear proliferation standpoint.

The United States has held extensive discussions with other states to coordinate export controls for nuclear non proliferation purposes and has received significant assistance from other states in reducing foreign availability.

APPENDIX D

ENCLOSURE 3

Discussion of Public Comments on Foreign Policy Export Controls

In the Federal Register of October 27, 1983, (48 CFR 49659) the public was invited to submit comments on foreign policy controls, especially in regard to the criteria established in Section 6 of the Export Administration Act of 1979. The eight responses are available for public examination. They have been carefully considered and taken into account in the analyses and decisions leading to extension and modification of these controls.

All comments were from companies or other private sector organizations. There were no comments from individuals, nor from communities or labor organizations concerned with adverse effects on employees and communities.

Most respondents stated that foreign policy controls were generally ineffective in achieving their goals, and that the greatest effect was reduced U.S. export performance, with detrimental impact on U.S. employment and trade balances. Respondents cited damage to the reputations of American companies as reliable suppliers as a result of the controls.

Some respondents pointed out the long-term nature of major industrial projects, and urged that contract sanctity be observed when export controls are imposed, so that contracts in effect beforehand could be honored. One firm stated that potential customers for capital equipment are increasingly concerned about the availability of spare parts over the life of equipment they may buy, and that the possibility of future export controls on spare parts may negatively affect decisions to purchase American capital goods.

Specific Controls

Human Rights—No comments specifically referring to controls on crime control and detection equipment were received.

South Africa—No comments were received regarding controls on specific items and designated entities in South African and Namibia.

Anti-Terrorism—One company was pleased that civil aircraft for use by regularly scheduled airlines were removed from control to Syria and PDR Yemen in 1982, but believed the controls still raise concern over its ability to meet contractual commitments for civil aircraft and spares in Middle East, Asian and African markets. The company stated that there had been no discernible link between sales of civil aircraft and acts of international terorism, and urged that aircraft used solely for scheduled commercial service be completely exempted from control. The firm cited foreign availability, and added that European manufacturers were designing civil aircraft without U.S.-origin parts in order to avoid U.S. export controls.

Regional Stability—No comments were received regarding military vehicles and items to produce military equipment controlled for regional stability.

Libya—Two companies offered comments on the Libya controls. Because of foreign availability, respondents could not see how the controls would deny necessary equipment to Libya. The companies cited the importance of their Libyan business, described the costly delays imposed by lengthy licensing procedures, and the damage to their reputations as reliable suppliers as a result of U.S. export controls.

One firm reported that it expected one customer to place future orders, which could have amounted to 20 percent of the firm's business, with a non-U.S. supplier as a result of the controls. Another U.S. firm said that its project in Libya was already 1 year behind schedule because of delays imposed by the need to obtain export licenses. The company had at times been forced to purchase equipment at greater cost from non-U.S. sources, and calculated its potential losses due to export controls at $7 million. The firm was concerned that if their inability to obtain critical U.S.-origin commodities sufficiently hampered their performance, they might be forced to default on their obligations and feared that company equipment already in Libya might be seized.

USSR—Three comments were received on foreign policy controls applied to the Soviet Union. Commenters believed the controls were ineffective because controlled equipment was available from foreign sources, and that the cost of the controls fell only on the U.S. exporter. One respondent doubted there was any U.S. product or technology both fundamental to the survival of the USSR and unobtainable elsewhere, and so questioned how our unilateral foreign policy controls could affect Soviet behavior.

Nuclear Non-Proliferation—No public comments were received on these controls.

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APPENDIX E

Applications Approved for Export to the USSR, East European Destinations and the People's Republic of China

TABLE 1.—Commodities Licensed for Export to the USSR, East European Destinations and the People's Republic of China during Fiscal Year 1984

Country and Commodity	Value in Dollars
All East European Destinations, the USSR, and the People's Republic of China	**$ 1,687,304,369**
Albania	
Electronic computing equipment	88,894
Electronic test equipment	78,576
Magnetic recording/reproducing equipment	6,662,047
Neutron generator systems	7,950
Total	$ 6,837,467
Bulgaria	
Electronic computing equipment	18,648,407
Electronic test equipment	4,325,606
Capacitors	46
Chemical materials	43,440
Geophysical/mineral prospecting instruments	48,370
Navigation/communications equipment	16,572
Lasers/laser systems	643,700
Measuring/calibrating equipment	104,750
Microwave equipment	9,148
Diodes	138,553
Transistors	104,892
Integrated circuits	133,477
Magnetic recording/reproducing equipment	358,540
Oscilloscopes	548,671
Photographic equipment	351
Quartz crystal	1
Bacteria	1,250
Fluorocarbon compounds	1,518
Total	$ 25,127,292
Czechoslovakia	
Electronic computing equipment	24,429,201
Electronic test equipment	5,302,432
Cable	2,530
Compasses/gyroscopes	370,260

TABLE 1.—Commodities Licensed for Export to the USSR East European Destinations and the People's Republic of China during Fiscal Year 1984—con.

Country and Commodity	Value in Dollars
Czechoslovakia—con.	
Electron video tubes	4,560
Navigation/communications equipment	1,715,920
Measuring/calibrating equipment	116,444
Nonmilitary aircraft	8,250,000
Frequency synthesizers	13,310
Transistors	580
Thyristors	63
Capacitors	1,027
Integrated circuits	119,552
Magnetic recording/reproducing equipment	6,426,409
Oscilloscopes and components	75,937
General industrial equipment	1,000,000
Electronic photographic precision equipment	531,057
Fluorocarbon compounds	10,634
Tantalum metal alloys	21,560
Nuclear reactor equipment	589
Chemical materials	2,577,853
Polymeric substances	1,494
Bacteria	289
Total	$ 50,971,701
German Democratic Republic	
Electronic computing equipment	4,745,859
Electronic test equipment	3,951,929
Magnetic recording/reproducing equipment	2,097,487
Measuring/calibrating equipment	6,250
Microwave equipment	616
Navigation/communication equipment	28,225
Lasers/laser systems	643,700
Integrated circuits	186,144
Electron video tubes	1,800
Chemical materials	1,303,975
Bacteria	119
Total	$ 12,966,104
Hungary	
Electronic computing equipment	13,441,484
Electronic test equipment	3,693,294
Magnetic recording/reproducing equipment	5,371,761
Measuring/calibrating equipment	12,765
Navigation/communication equipment	6,525
Lasers/laser systems	50,099
Diodes	1,539
Transistors	6,464
Capacitors	1,511
Integrated circuits	97,214
Machinery for manufacturing cable	10,812
Photosensitive compounds	20
Oscilloscopes and components	51,088

TABLE 1.—Commodities Licensed for Export to the USSR East European Destinations and the People's Republic of China during Fiscal Year 1984—con.

Country and Commodity	Value in Dollars
Hungary—con.	
Photographic equipment	1,661
Electrical power generating equipment	100,000
Silicone fluids	55,950
Fluorocarbon compounds	978
Electronic photographic precision equipment	5,950
Chemical materials	4,744,079
Bacteria	1,587
Total	$ 27,654,781
People's Republic of China	
Electronic computing equipment	500,603,874
Electronic test equipment	51,899,734
Magnetic recording/reproducing equipment	61,183,166
Numerical control equipment	8,667,860
Nonmilitary aircraft	481,875,743
Gas turbine	22,234,500
Electronic device manufacturing equipment	19,230,581
Compasses/gyroscopes	9,349,064
Navigation/communication equipment	5,355,310
Transmission equipment	11,212,496
Amplifiers	415,178
Submergence vehicles	66,144
Lasers/laser systems	1,337,944
Cable	6,500
Measuring/calibrating equipment	14,056,768
Frequency synthesizers	2,764,239
Radio spectrum analyzers	2,230,312
Microwave equipment	342,063
Spark gaps (triggered)	40,994
Diodes	61,612
Transistors	1,117,967
Thyristors	938
Photosensitive components	52,849
Photomultiplier tubes	23,120
Capacitors	46,064,253
Electromagnetic wave absorbers	2,813
Electron tubes	312,161
X-ray systems	159,340
Integrated circuits	15,722,642
Magnetometers	415,014
Thermoelectric materials	4,842
Oscilloscopes and components	1,751,820
Photographic equipment	47,758
Quartz crystals	69,176
Crystalline materials	1,163,000
Polymeric substances	189,274
Sapphire substrates	768
Fibrous/filamentary materials	204,712

TABLE 1.—Commodities Licensed for Export to the USSR East European Destinations and the People's Republic of China during Fiscal Year 1984—con.

Country and Commodity	Value in Dollars
People's Republic of China—con.	
Neutron generator systems	459,375
Image process equipment	1,898,915
Communications countermeasures equipment	336,120
General industrial equipment	2,095,482
Pressure measuring equipment	23,189
Voice print analyzers	259,890
Nuclear reactor equipment	21,536
Machinery for manufacturing military equipment	63,228
Helium	4,600
Synthetic resins	10,190
Doppler sonar navigation equipment	106,004
Equipment containing array transform processor	3,818,519
Gravity meters	779,300
Electronic photographic precision equipment	2,896,381
Chemical materials	4,586,187
Metals/minerals and manufactures	200
Geophysical/mineral prospecting equipment	306,435
Petroleum products	44,000,000
Bacteria	3,361
Underwater detection/testing equipment	711,465
Radio transmitting equipment	1,778,295
Total	$ 1,324,395,201
Poland	
Electronic computing equipment	6,552,513
Electronic test equipment	1,191,153
Magnetic recording/reproducing equipment	3,084,241
Measuring/calibrating equipment	39,608
Navigation communications equipment	289,112
Underwater detection/locating equipment	81,617
Diodes	218
Electron video tubes	12,310
Integrated circuits	2,587
Amplifiers	713
Cable	12,000
Oscilloscopes and components	57,260
Electronic photographic precision equipment	3,200
Image processing systems	200,000
Fluorocarbon compounds	11,333
Silicone fluids	15,015
General industrial equipment	1,624
Chemical materials	1,239,068
Electrical equipment	1,682
Total	$ 12,795,254

TABLE 1.—Commodities Licensed for Export to the USSR East European Destinations and the People's Republic of China during Fiscal Year 1984—con.

Country and Commodity	Value in Dollars
Romania	
Electronic computing equipment	20,862,345
Electronic test equipment	288,337
Magnetic recording/reproducing equipment	476,617
Measuring/calibrating equipment	8,636
Nonmilitary aircraft	7,101,833
Compasses/gyroscopes	975,312
Numerical control equipment	74,000
Navigation/communication equipment	978,291
Transistors	1,256
Integrated circuits	68,848
Oscilloscopes and components	9,105
General industrial equipment	188,588
Total	$ 31,016,168
USSR	
Electronic computing equipment	18,597,966
Electronic test equipment	4,555,482
Magnetic recording/reproducing equipment	3,171,492
Numerical control equipment	3,000,000
Bearings	7,409
Navigation/communication equipment	400,427
Cable	601,079
Microwave equipment	524
Diodes	204
Transistors	922
Electron video tubes	7,620
Integrated circuits	104,767
Photographic equipment	61,242
General industrial equipment	142,755
Doppler sonar navigation equipment	447,119
Chemical materials	50,065,608
Geophysical/prospecting equipment	114,375,775
Bacteria	10
Total	$ 195,540,401

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APPENDIX E

TABLE 2.—Commodities Licensed for Temporary Export to the USSR, East European Destinations and the People's Republic of China during Fiscal Year 1984[1]

Country and Commodity	Value in Dollars
All East European Destinations, the USSR, and the People's Republic of China	$ 319,789,479
Bulgaria	
Electronic computing equipment	894,001
Electronic test equipment	506,170
Magnetic recording/reproducing equipment	1,144
Oscilloscopes and components	9,063
Total	$ 1,410,378
Czechoslovakia	
Crystalline materials	16,000
Electronic computing equipment	570,727
Electronic test equipment	455,217
Magnetic recording/reproducing equipment	307,711
Nonmilitary aircraft	20,810,000
Oscilloscopes and components	11,215
Integrated circuits	5,000
Total	$ 22,175,870
German Democratic Republic	
Nonmilitary aircraft	12,830,000
Hungary	
Electronic computing equipment	878,267
Electronic test equipment	416,755
Magnetic recording/reproducing equipment	266,877
Measuring/calibrating equipment	29,900
Nonmilitary aircraft	32,110,000
Oscilloscopes and components	16,286
Total	$ 33,678,085
People's Republic of China	
Numerical control equipment	68,933
Electronic device manufacturing equipment	3,321,850
Nonmilitary aircraft	63,269,000
Compasses/gyroscopes equipment	389,500
Navigation/communication equipment	18,120,601
Underwater detection/location equipment	17,000,000
Laser and laser equipment	963,655
Measuring/calibrating equipment	1,249,617
Frequency synthesizers	171,943
Radio spectrum analyzers	267,822
Microwave equipment	470

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[1] Temporary exports must be returned to the United States. If they are later licensed for export, they are shown in Table 1.

TABLE 2.—Commodities Licensed for Temporary Export to the USSR, East European Destinations and the People's Republic of China during Fiscal Year 1984[1]—con.

Country and Commodity	Value in Dollars
People's Republic of China—con.	
Semiconductor diodes	800
Electron video tubes	66,670
Integrated circuits	71,755
Electronic computing equipment	37,477,819
Magnetometers	85,355
Magnetic recording/reproducing equipment	3,714,459
Oscilloscopes and components	165,189
Transportation equipment	367,500
Nuclear reactor equipment	17,100
Electronic test equipment	5,718,927
Image process equipment	728,816
Dopplar sonar navigation equipment	6,995
Equipment containing transform processor	19,206
Chemical materials	300
Geophysical/mineral prospecting instuments	26,000,000
Petroleum exploration equipment	17,000,000
Electronic photographic precision equipment	46,485
Total	$ 196,310,762
Poland	
Electronic computing equipment	37,050
Electronic test equipment	226,058
Measuring/calibrating equipment	4,280
Navigation/communication equipment	103,315
Nonmilitary aircraft	15,275,000
Oscilloscopes and components	24,579
Total	$ 15,670,282
Romania	
Electronic computing equipment	18,500
Electronic test equipment	921,292
Oscilloscopes and components	3,739
Total	$ 943,531
USSR	
Electronic computing equipment	1,732,846
Electronic test equipment	1,806,777
Magnetic recording/reproducing equipment	88,748
Navigation/communication equipment	181,405
Nonmilitary aircraft	32,940,000
Geophysical/prospecting instruments	18,630
Integrated circuits	2,165
Total	$ 36,770,571

APPENDIX E

TABLE 3.–Technical Data Licenses Approved for the USSR, East European Destinations, and the People's Republic of China during Fiscal Year 1984

Country	No. of Cases
Bulgaria	17
Plant to reconstitute tobacco	
Dewaxing and deoiling (lube)	
Ethylene plant	
Copying machine manufacturing (2)	
Manufacture of steel for electrical furnace	
Computer maintenance	
Production of N/Parrafins	
Water pipes and fittings	
Training in UOP Isomar process Unit	
Ethylene plant	
Pharamaceutical manufacture (6)	
Czechoslovakia	30
Refining steel	
Polyethylene plant	
Repair and testing of printed circuit boards (2)	
Training on videospec/microspec systems	
Demix process unit/UOP designed coking process unit	
Chemical/petrochemical/fossil fuel power	
Training in UOP Parex process unit	
Air preheaters	
Formulation of medicinal products	
Production of petroleum products	
Plant to produce polymethymethacrylate	
UOP parex processor unit	
Ethylene plant	
Maintenance of navigational system	
Training in UOP detergent alkylate process	
Removal of coke oven gas of ammonia	
Chemical/petrochemical/fossil fuel power	
Detergent intermediates	
Pharmaceutical manufacture (9)	
Diesel engine parts	
Preparing vacuum gas/oil for ethylene plant	
German Democratic Republic	14
Manufacture of printer parts (5)	
Solvent extraction for crude oil	
Manufacture of locomotive parts	
Repair and maintenance of printed circuit boards	
Ethylene plant	
Acrylonitrile plant (2)	
Polymer ethylene resin plant	
Chemical abstracts on tape	
Production of aluminum rod castings	

TABLE 3.—Technical Data Licenses Approved for the USSR, East European Destinations, and the People's Republic of China during Fiscal Year 1984—con.

Country	No. of Cases
Hungary	33
Marketing of aircraft	
Manufacture vapor vacuum capping machine	
Polyolefin process plant	
Linear polyethylene resin	
Manufacture automotive disc brakes	
Repair and testing of printed circuit boards	
Coal/water mixture fuels	
Air preheaters	
Coal/oil mixture fuels	
Fortran programming development (2)	
Computer information system organizations	
UOP styrene process unit	
Freeze drying/filling of dobutrex	
Drag reducer for petroleum pipeline	
Coal fired steam generation boiler	
Computer and management organization services	
Power capacitor manufacture (2)	
Catalytic cracking unit	
Kerosene hydrotreating	
Kerosene paraffins	
Pharmaceutical manufacture (10)	
Gas stabilization system for blast furnace	
People's Republic of China	124
Production of ceramic fibers	
Training employees to safely operate equipment	
Construction of gravity meter for research program	
Pipeline system development	
Semiconductor devices manufacture	
Valve production	
Integrated circuit process line	
Oil/gas well drill operation	
Flight data recorder	
Diodes fabrication	
Manufacture of crystal-growing batteries	
Oil gas exploration training	
Gas flow in pipelines	
Computer equipment training (3)	
Oil field laboratory training	
Manufacture of prescription eye glasses	
Manufacture of pneumatic instruments	
Manufacture of vinyl chloride products	
Users guide for statistical analysis	
Instruction manuals for aluminum sheeting equipment	
Phthalic plant	
Oil and gas production	
Oil and gas exploration	

TABLE 3.—Technical Data Licenses Approved for the USSR, East European Destinations, and the People's Republic of China during Fiscal Year 1984—con.

Country	No. of Cases
People's Republic of China—con.	
Offshore exploration equipment	
Gas turbine power plant	
Manufacture of insulated power and control cable	
Training in operation of offshore rigs	
Petroleum (exploratory)	
Manufacture of vinylchoride PVC windows	
Oilwell drill rig control equipment	
Steel fabrication plant	
Electric mining shovels	
Compiling of price for 350 shaft HP 350-	
Analytical instruments	
Video display terminals	
Polycrystalline silicone vent gas recovery plant	
Quotation for automotive parts (2)	
Disc packs and users manuals	
Quotation on tape deck casting	
Assembly of visual inspection automatic systems	
Electric engines	
Training courses on linear test heads	
Industrial machinery	
Medical diagnosis (3)	
Nuclear power plant review turbine building layout	
Manufacture of borehole logging systems	
Manufacture of integrated circuits	
Manufacture of gas chromatographs	
Optimizing computer-terminal reliability	
Seismic data processing	
Training in servicing of MDL systems	
Oil and gas exploration equipment (3)	
Acrylic materials	
Electronic systems	
Production of ceramic capacitors	
Nuclear power plant turbine building layout	
Seismic field equipment	
Hydrocarbon exploration	
Seismic equipment (13)	
Manufacture of aircraft components	
Semiconductor products	
Construction of optical fibre waveguide plant	
Helicopter procurement	
Feasibility test result of transistors	
Development of a new feeder jet aircraft	
Servicing of medical diagnostic ultrasound equipment	
Polyester-based magnetic tapes	
Seismic systems operation (6)	
Remote telemetry units (5)	
Telemetry units	
Biochemicals	

TABLE 3.—Technical Data Licenses Approved for the USSR, East European Destinations, and the People's Republic of China during Fiscal Year 1984—con.

Country	No. of Cases
People's Republic of China—con.	
Spectrometers and accessories	
Manufacture of magnetic tape drives	
Gas turbine engines	
Maintenance of aircraft equipment	
Seismic survey interpretations	
Parts price quotation	
Maintenance on weather radar systems	
Manuals for marketing purposes	
Logistic planning	
Nuclear pressure transmitters	
Repair of seismic acquisition system	
Microwave landing systems proposals	
Commercial airliner deck proposal	
Commercial advanced feeder	
Production of polished silicon wafers	
Quotation on aero engine parts (2)	
Pricing of hardware	
Quotation on engine parts	
Customizing video and hard copy reports	
Image processing system training	
Filtration system for LM/2500 engines	
Rockfill dam for flood control	
Microcomputer repair	
Sales and service of computer systems	
Poland	9
Computer parts	
Sale of commercial aircraft	
Electrodeposition coatings for automobiles (2)	
Repair and test of printed circuit boards (2)	
Training on PH Blood gas analyzer	
Heat exchangers	
Pharmaceutical manufacture	
Romania	20
Sale of commercial aircraft	
Gas turbine engines	
Antacid liquid suspensions	
Manufacture of automobile parts	
Passenger car and truck radial tires	
Fabrication of rotor forgings for steam turbine engines	
Manufacture of bearings	
Rotor forgings for gas trubine engines (2)	
Locomotive parts (2)	
N-paraffin manufacture	
Reactors for generating electricity	
Refinement for weight and balance for civil aircraft	
Pharmaceutical manufacture (6)	

TABLE 3.–Technical Data Licenses Approved for the USSR, East European Destinations, and the People's Republic of China during Fiscal Year 1984–con.

Country	No. of Cases
USSR	36
Olefin polymer	
Manufacture alternating current capacitors	
Enzyme production	
Manufacture of arbors	
Training in UOP meroz process unit (2)	
Synthesis gas preparation	
Glass ceramic sheet for hot plates	
Subsea pipelines and cables	
Bids to supply transformer parts	
Plant to manufacture infant formula	
Water reclamation line and waterproof canal	
Evaluation sufficiency of cold weather	
Manufacture of thread forming fasteners	
Ethylene plant	
Still liquid filling machine	
Repair and test of printed circuit boards	
Shell flue gas treating process unit	
Selective catalytic reduction process unit	
Vibration monitoring of turbine engines	
Design of wood pulp plant	
Upgrading computing equipment	
Polyethylene plant (2)	
Polyester fiber film production	
Refining of stainless steel	
Maintenance and overhaul of power turbines	
Maintenance and operation of pipeline inspection system	
Technical information at phosphate production sites	
Construction equipment parts (engines)	
Blasthole drill parts	
Linear irrigation equipment	
Organic and inorganic synthesis of chemicals	
Pharmaceutical manufacture	
Emulsification of alkylketene dimers	
Dissolving pulp mill for manufacture of rayon fabrics	